

Also, petition of National Association of Manufacturers, for forest reservations in White Mountains and Southern Appalachian Mountains—to the Committee on Agriculture.

By Mr. SCOTT: Petition of ex-Union soldiers of Blue Mound, Kans., for increase of pensions to \$1 per day for all honorably discharged Union soldiers who served ninety days—to the Committee on Invalid Pensions.

By Mr. SPERRY: Petition of citizens of Meriden, Conn., against H. R. 4897 and 4929 (religious legislation in the District of Columbia)—to the Committee on the District of Columbia.

Also, petition of Daily Newspaper Publishers' Association of Connecticut, for H. R. 12432, authorizing consolidation of libel suits—to the Committee on the Judiciary.

By Mr. STEVENS of Minnesota: Petition of Commercial Club of Faribault, Minn., on financial legislation—to the Committee on Banking and Currency.

Also, petition of St. Paul Stock Exchange, in favor of Culbertson-Smith bills—to the Committee on Interstate and Foreign Commerce.

By Mr. STURGISS: Paper to accompany bill for relief of Willis B. Cross (previously referred to the Committee on Invalid Pensions)—to the Committee on Military Affairs.

By Mr. TAYLOR of Ohio: Petition of C. A. Thompson and others, favoring bill providing for parole of United States prisoners—to the Committee on the Judiciary.

By Mr. TIRRELL: Petition of John P. Wright, of Westford Grange, Westford, Mass., favoring a national highways commission—to the Committee on Agriculture.

By Mr. VOLSTEAD: Petition of A. K. Broughton and others, of Cottonwood, Minn., for a parcels-post law—to the Committee on the Post-Office and Post-Roads.

By Mr. WEISSE: Petition of National Wholesale Lumber Dealers' Association of New York City, for forest reservations in the White Mountains and Southern Appalachian Mountains—to the Committee on Agriculture.

Also, petition of Philadelphia Credit Men's Association, against the Aldrich currency bill—to the Committee on Banking and Currency.

SENATE.

FRIDAY, March 27, 1908.

Prayer by the Chaplain, Rev. EDWARD E. HALE.

The Secretary proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. KEAN, and by unanimous consent, the further reading was dispensed with.

The VICE-PRESIDENT. The Journal stands approved.

TREATMENT OF DISEASES IN THE PHILIPPINES.

The VICE-PRESIDENT laid before the Senate a communication from the Secretary of War, transmitting, by direction of the President, an extract from a report made on Camp John Hay, Benguet, P. I., by Maj. S. W. Miller, inspector-general, assistant to inspector-general, Philippine Division, giving descriptive and statistical data relative to the treatment of intestinal and other diseases incident to tropical service, which, with the accompanying paper, was referred to the Committee on the Philippines and ordered to be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. W. J. BROWNING, its Chief Clerk, announced that the House had passed a bill (H. R. 19955) making appropriations to supply certain additional urgent deficiencies in the appropriations for the fiscal year ending June 30, 1908, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Vice-President:

H. R. 6902. An act for the relief of Henry Rustan;

H. R. 9079. An act to extend to Port Arthur, in the State of Texas, the privilege of immediate transportation without appraisement of dutiable merchandise;

H. R. 10671. An act to authorize the Secretary of the Interior to issue patent in fee simple for certain lands of the Santee Reservation, in Nebraska, to school district No. 36, in Knox County, Nebr.;

H. R. 13875. An act for the relief of John V. Johnson;

H. R. 14772. An act prescribing what shall constitute a legal cord of wood in the District of Columbia;

H. R. 10471. An act for the relief of George H. Penrose;

H. R. 17510. An act to authorize the county of Ashley, in the State of Arkansas, to construct a bridge across Bayou Bartholomew, Ashley County, Ark., at Portland;

H. R. 17511. An act to authorize the construction of a bridge across Bayou Bartholomew at Parkdale, Ashley County, Ark.; and

H. R. 17512. An act to authorize the county of Ashley, in the State of Arkansas, to construct a bridge across Bayou Bartholomew, Ashley County, Ark., at Wilnot.

PETITIONS AND MEMORIALS.

Mr. CULLOM presented memorials of sundry citizens of Paterson, N. J.; Ansonia, Conn.; Worcester, Mass., and New York City, N. Y., remonstrating against the ratification of the pending treaty of arbitration between the United States and Great Britain, which were referred to the Committee on Foreign Relations.

Mr. FRYE presented petitions of sundry citizens of Auburn, Paris, South Paris, North Paris, and West Paris, all in the State of Maine, praying for the passage of the so-called "rural parcels-post bill," which were referred to the Committee on Post-Offices and Post-Roads.

He also presented petitions of sundry citizens of Mexico, Hampden, Harrison, and Frye, all in the State of Maine, praying for the enactment of legislation to create a national highways commission, which were referred to the Committee on Agriculture and Forestry.

Mr. PLATT presented a petition of the United National Association of Post-Office Clerks, of Kingston, N. Y., praying for the enactment of legislation to provide for the promotion of post-office clerks from the fifth to the sixth grade, which was referred to the Committee on Post-Offices and Post-Roads.

He also presented the petition of E. J. Lathrop and M. Lleuelyn, of Olean, N. Y., praying for the passage of the so-called "postal savings-bank bill," which was referred to the Committee on Post-Offices and Post-Roads.

He also presented memorials of the John Mitchell Club and the Irish-American Athletic Club, of New York City, N. Y., remonstrating against the ratification of the pending arbitration treaty between the United States and Great Britain, which were referred to the Committee on Foreign Relations.

He also presented the petition of George Graff, jr., of New York City, N. Y., praying for the adoption of certain amendments to the copyright law relating to musical compositions, which was referred to the Committee on Patents.

He also presented a petition of the Twenty-seventh Assembly District Republican Club, of New York City, N. Y., praying for the enactment of legislation to provide for the reenlistment of certain men of the Twenty-fifth United States Infantry, which was referred to the Committee on Military Affairs.

He also presented a petition of the American Dramatists' Club, of New York City, praying for the passage of the so-called "Kittredge copyright bill," which was referred to the Committee on Patents.

He also presented a petition of the Board of Foreign Missions of the United Presbyterian Church of North America, of Philadelphia, Pa., praying for the enactment of legislation to prohibit the importation, manufacture, and sale of opium within the jurisdiction of the United States, which was referred to the Committee on Finance.

He also presented a memorial of the Automatic Musical Company, of Binghamton, N. Y., remonstrating against the adoption of certain amendments to the copyright law relating to musical compositions, which was referred to the Committee on Patents.

He also presented a petition of Highland County, No. 5, Junior Order United American Mechanics, of Newburgh, N. Y., praying for the enactment of legislation to prohibit the immigration of Asiatics into the United States, which was referred to the Committee on Immigration.

Mr. RICHARDSON presented a petition of sundry citizens of Dover, Milford, Lewes, Wyoming, and Camden, all in the State of Delaware, praying for the enactment of legislation to investigate and develop the methods of the treatment of tuberculosis, which was referred to the Committee on Public Health and National Quarantine.

Mr. NELSON presented memorials of sundry Grand Army Posts of St. Peter, Anoka, Lanesboro, Duluth, Monticello, Tracy, Ortonville, Champlain, Caledonia, Waterville, Jordan, Morton, Mankato, Bird Island, Willard, Maple Plain, Mazeppa, Park Rapids, Elysian, Elk River, Verndale, Le Sueur Center, and Alden, all in the State of Minnesota, remonstrating against the enactment of legislation proposing to abolish certain pension agencies throughout the country, which were referred to the Committee on Pensions.

He also presented a petition of the Commercial Club of Faribault, Minn., praying for the adoption of the Nelson amendment to the so-called "Aldrich currency bill," which was ordered to lie on the table.

He also presented a petition of the Jobbers and Manufacturers' Association of St. Paul, Minn., praying that an annual appropriation of \$500,000 be made for the improvement of the Mississippi River from Minneapolis, in that State, to the mouth of the Missouri River, which was referred to the Committee on Commerce.

He also presented a petition of the South St. Paul Live Stock Exchange, of St. Paul, Minn., praying for the passage of the so-called "Culberson-Smith bill" to amend sections 5191 and 5192 of the Revised Statutes relating to national banking associations, which was referred to the Committee on Finance.

Mr. GALLINGER presented a petition of Campton Grange, No. 93, Patrons of Husbandry, of Campton, N. H., praying for the passage of the so-called "rural parcels-post bill," which was referred to the Committee on Post-Offices and Post-Roads.

He also presented petitions of the New Hampshire Lumbermen's Association, of Manchester, N. H.; of the National Wholesale Lumber Dealers' Association, of New York City, N. Y., and of the Merchants' Association of Boston, Mass., praying for the enactment of legislation to establish a national forest reserve in the Southern Appalachian and White Mountains, which were referred to the Committee on Forest Reservations and the Protection of Game.

He also presented a memorial of the Credit Men's Association of Philadelphia, Pa., remonstrating against the passage of the so-called "Aldrich currency bill," which was ordered to lie on the table.

He also presented a petition of the National Congress of Mothers, of Albany, N. Y., praying for the adoption of a certain amendment to the so-called "Humphrey bill," providing for the compulsory education of children, which was referred to the Committee on Education and Labor.

He also presented a memorial of sundry citizens of Osseo, Mich., remonstrating against the enactment of legislation to prohibit Sunday banking in post-offices in the handling of money orders and registered letters, which was referred to the Committee on Post-Offices and Post-Roads.

He also presented a petition of the American Dramatists' Club, of New York City, N. Y., praying for the passage of the so-called "Kittredge copyright bill," which was referred to the Committee on Patents.

He also presented a petition of the Central Labor Union of Washington, D. C., praying for the enactment of legislation providing for the construction of four new battle ships, which was referred to the Committee on Naval Affairs.

He also presented petitions of the Michigan Wesleyan Methodist Conference, of Allendale, Mich., and of sundry citizens of Washington, D. C., praying for the enactment of legislation to prohibit the manufacture and sale of intoxicating liquors in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented memorials of sundry citizens of the States of Texas, Illinois, Alabama, Oklahoma, Wisconsin, California, Pennsylvania, South Carolina, Indiana, Kansas, Ohio, Massachusetts, New York, and Nebraska, remonstrating against the enactment of legislation to protect the first day of the week as a day of rest in the District of Columbia, which were referred to the Committee on the District of Columbia.

He also presented sundry petitions of citizens of Washington, D. C., praying for the enactment of legislation to prohibit gambling and bookmaking in the District of Columbia, which were referred to the Committee on the District of Columbia.

Mr. GAMBLE presented a memorial of Fennimore Council, No. 249, United Commercial Travelers, of Mitchell, S. Dak., remonstrating against the passage of the so-called "parcels-post bill," which was referred to the Committee on Post-Offices and Post-Roads.

He also presented the petition of G. W. Nash, president of the Northern Normal and Industrial School, of Aberdeen, S. Dak., and a petition of sundry citizens of Aberdeen, S. Dak., praying for the enactment of legislation to limit the effect of the regulation of commerce between the several States and Territories in certain cases, and also to prohibit the manufacture and sale of intoxicating liquors in the District of Columbia, which were referred to the Committee on Interstate Commerce.

Mr. ELKINS presented sundry papers to accompany the bill (S. 5319) granting an increase of pension to Lehaven Long, which were referred to the Committee on Pensions.

He also presented a paper to accompany the bill (S. 3559) granting a pension to Adam Radabough, which was referred to the Committee on Pensions.

He also presented a paper to accompany the bill (S. 1727) granting an increase of pension to Wade H. Powers, which was referred to the Committee on Pensions.

Mr. DICK presented a memorial of Local Union No. 1567, United Brotherhood of Carpenters and Joiners of America, of Martins Ferry, Ohio, remonstrating against the passage of the so-called "Penrose bill" to exclude nonmailable periodicals from second-class mail privileges, which was referred to the Committee on Post-Offices and Post-Roads.

He also presented petitions of sundry citizens of Tallmadge, Kent, Seville, and Logan, all in the State of Ohio, praying for the passage of the so-called "rural parcels-post bill," which were referred to the Committee on Post-Offices and Post-Roads.

He also presented a memorial of the Chamber of Commerce of Cleveland, Ohio, remonstrating against the enactment of legislation to restrict contracts made for transportation of material and equipment for use in the construction of the Panama Canal, which was ordered to lie on the table.

He also presented a memorial of the Lake Seamen's Union, of Toledo, Ohio, remonstrating against the enactment of legislation to amend section 4403 of the Revised Statutes relating to the manning of vessels, which was referred to the Committee on Commerce.

He also presented a petition of Local Union No. 14, International Stereotypers and Electrotypers' Union, of Columbus, Ohio, praying for the enactment of legislation providing for the construction of all battle ships at the Government navy-yards, which was referred to the Committee on Naval Affairs.

He also presented a petition of Federal Labor Union, No. 11651, American Federation of Labor, of Painesville, Ohio, and a petition of the Trades and Labor Assembly of Sandusky, Ohio, praying for the enactment of legislation to prevent the loss of life in coal mines, which were referred to the Committee on Mines and Mining.

He also presented a memorial of the O'Connell Club, of Cleveland, Ohio, remonstrating against the ratification of the pending treaty of arbitration between the United States and Great Britain, which was referred to the Committee on Foreign Relations.

He also presented a memorial of the National Association of Clothiers, of New York City, N. Y., remonstrating against the passage of the so-called "Aldrich currency bill," and also praying for the passage of the so-called "Fowler currency bill," which was ordered to lie on the table.

He also presented a petition of the Chamber of Commerce of Cleveland, Ohio, praying for the enactment of legislation to amend an act providing for ocean mail service between the United States and foreign ports and to promote commerce, which was ordered to lie on the table.

Mr. DEPEW presented petitions of Hopewell Grange, No. 472, Patrons of Husbandry, of Ontario County; of Delphi Grange, No. 486, Patrons of Husbandry, of Manlius, and of the board of supervisors of Herkimer County, all in the State of New York, praying for the passage of the so-called "rural parcels-post bill," which were referred to the Committee on Post-Offices and Post-Roads.

He also presented a memorial of the executive committee, Department of New York, Grand Army of the Republic, of Buffalo, N. Y., and a memorial of the executive committee, Department of New York, Grand Army of the Republic, of Rochester, N. Y., remonstrating against the enactment of legislation proposing to abolish certain pension agencies throughout the country, which were referred to the Committee on Pensions.

Mr. HOPKINS presented a memorial of Subordinate Lodge No. 60, International Brotherhood of Boiler Makers, Iron Ship Builders, and Helpers of America, of Peoria, Ill., remonstrating against the enactment of legislation to prohibit the interstate transportation of intoxicating liquors, which was referred to the Committee on the Judiciary.

Mr. BRANDEGEE presented a memorial of the Woman's Club of Willimantic, Conn., and a memorial of the Saturday Club of New London, Conn., remonstrating against the passage of the so-called "Crumpacker bill," providing for the appointment of additional clerks for the taking of the Thirteenth Census and for subsequent censuses, which were referred to the Committee on the Census.

He also presented a memorial of the Henry Grattan Club, of New Haven, Conn., remonstrating against the ratification of the pending arbitration treaty between the United States and Great Britain, which was referred to the Committee on Foreign Relations.

He also presented a petition of the National Wholesale Lumber Dealers' Association, praying for the enactment of legislation to establish a national forest reserve in the Southern Appalachian and White Mountains, which was referred to the Committee on Forest Reservations and the Protection of Game.

He also presented a petition of the Trades Council, of New Haven, Conn., praying for the enactment of legislation to pre-

vent mining disasters, which was referred to the Committee on Mines and Mining.

He also presented a memorial of sundry citizens of Meriden, Conn., remonstrating against the enactment of legislation to prohibit the handling of money orders and registered letters on Sundays, which was referred to the Committee on Post-Offices and Post-Roads.

Mr. KNOX (for Mr. PENROSE) presented memorials of sundry organizations of Allentown, Johnstown, Pittsburg, Scranton, Holdan, Easton, Reading, Philadelphia, Allegheny, Wilkes-Barre, Sutersville, Erie, Lancaster, Pottsville, Altoona, and Manayunk, all in the State of Pennsylvania, remonstrating against the enactment of legislation to regulate the interstate transportation of intoxicating liquors, which were referred to the Committee on the Judiciary.

He also (for Mr. PENROSE) presented sundry papers to accompany the bill (S. 4979) granting an increase of pension to Thomas B. Lewis, which were referred to the Committee on Pensions.

He also (for Mr. PENROSE) presented sundry papers to accompany the bill (S. 5390) granting an increase of pension to Timothy Hayne, which were referred to the Committee on Pensions.

He also presented a paper to accompany the bill (S. 3137) granting an increase of pension to John Shroat, which was referred to the Committee on Pensions.

Mr. OVERMAN presented an affidavit to accompany the bill (S. 6278) to correct the military record of William R. Shelton, which was referred to the Committee on Military Affairs.

REPORTS OF COMMITTEES.

Mr. PILES, from the Committee on Pacific Islands and Porto Rico, to whom was referred the bill (H. R. 10540) to amend section 73 of an act to provide a government for the Territory of Hawaii, reported it without amendment, and submitted a report (No. 422) thereon.

Mr. LODGE, from the Committee on Military Affairs, to whom was referred the bill (S. 5388) for the relief of Benjamin C. Welch, reported it without amendment, and submitted a report (No. 427) thereon.

Mr. HEYBURN, from the Committee on Immigration, to whom was referred the bill (S. 388) to confirm and legalize prior admissions to citizenship of the United States where the judge or clerk of the court administering the oath to the applicant or his witnesses has failed to sign or seal the record, oath, or the judgment of admission, and to establish a proper record of such citizenship, reported it with amendments, and submitted a report (No. 428) thereon.

Mr. PAYNTER, from the Committee on Claims, to whom was referred the bill (S. 2743) for the relief of Peter McKay, reported it without amendment and submitted a report (No. 430) thereon.

Mr. McCUMBER, from the Committee on Pensions, to whom were referred the bill (S. 1157) granting a pension to Jennie Carroll and the bill (S. 1168) granting a pension to Mabel H. Lazear, submitted a report (No. 431) thereon, accompanied by a bill (S. 6350) granting an increase of pension to Jennie Carroll and Mabel H. Lazear, which was read twice by its title.

Mr. WARREN, from the Committee on Military Affairs, to whom was referred the bill (S. 6136) authorizing the Secretary of the Interior to issue patent to certain lands to Boise City, reported it with amendments and submitted a report (No. 432) thereon.

He also, from the same committee, to whom was referred the bill (S. 4996) authorizing the Secretary of the Interior to issue patent to certain lands to Boise City, moved its indefinite postponement, which was agreed to, the subject-matter being covered in the preceding bill.

He also, from the same committee, to whom was referred the bill (S. 5862) to purchase certain lands adjacent to the present site of Fort Logan, Colo., reported it without amendment and submitted a report (No. 433) thereon.

He also, from the same committee, to whom was referred the bill (S. 3035) to purchase certain lands adjacent to the present site of Fort Logan, Colo., moved that it be indefinitely postponed, which was agreed to.

He also, from the same committee, to whom was referred the bill (S. 5885) for the relief of John S. May, asked to be discharged from its further consideration and that it be referred to the Committee on Naval Affairs, which was agreed to.

Mr. SIMMONS, from the Committee on Commerce, to whom was referred the bill (S. 754) for ascertaining the feasibility and probable cost of constructing a canal from the Tennessee River, at or near the city of Chattanooga, in the State of Tennessee, to the navigable waters of the Ocmulgee River, in the

State of Georgia, by which there will be furnished adequate water communication by the shortest and most practicable route between the Atlantic Ocean and the navigable waters in the rivers of the Mississippi Valley, reported it without amendment.

MISSISSIPPI RIVER IMPROVEMENT.

Mr. NELSON. From the Committee on Commerce I report back favorably the bill (S. 6257) authorizing the Secretary of War to expend \$300,000 in protecting the banks of the Mississippi River at New Orleans, La., and I ask for its present consideration.

The Secretary read the bill, and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

ACTS OF LEGISLATIVE ASSEMBLY OF NEW MEXICO.

Mr. BEVERIDGE. From the Committee on Territories I report back favorably without amendment the bill (H. R. 17055) to validate certain acts of the thirty-seventh legislative assembly of the Territory of New Mexico, and I submit a report (No. 426) thereon. I ask for the present consideration of the bill.

The Secretary read the bill, and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration. It provides that the act of the thirty-seventh legislative assembly of the Territory of New Mexico, entitled "An act creating four armory boards of control and providing for the construction of armories in the cities of Santa Fe, Roswell, Silver City, and Las Cruces," approved March 20, 1907; and an act of the same assembly and session entitled "An act to construct an addition to the present capitol building and for the construction of an executive mansion, and to purchase certain real estate and to provide the necessary means therefor, and for other purposes," approved March 21, 1907, and sections 37, 38, and 39 of an act of the same assembly and session entitled "An act providing funds and making appropriations for the fifty-ninth and sixtieth fiscal years, and for other purposes," reported by conference committee, approved March 21, 1907, be, and the same are, approved, and that the bonds therein provided for, whenever issued in compliance with said acts of said legislative assembly of the Territory of New Mexico, shall be valid and binding upon the Territory of New Mexico, as in the acts provided, and all necessary power and authority is granted the Territory of New Mexico to issue and dispose of said bonds in accordance with the provisions of the said acts.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

HEARING BEFORE COMMITTEE ON WOMAN SUFFRAGE.

Mr. KEAN, from the Committee to Audit and Control the Contingent Expenses of the Senate, to whom was referred the resolution submitted on the 25th instant by Mr. CLAY, reported it without amendment, and it was considered by unanimous consent and agreed to as follows:

Resolved, That the stenographer employed to report the hearing before the Select Committee on Woman Suffrage, March 3, 1908, be paid from the contingent fund of the Senate, and that the hearing be printed.

KEY WEST HARBOR IMPROVEMENT.

Mr. DEPEW. From the Committee on Commerce I report back favorably without amendment the joint resolution (S. R. 71) to provide for the removal of obstructions from main ship channel, Key West Harbor, Florida, and I submit a report (No. 424) thereon.

Mr. FRYE. It is rather important that the joint resolution reported by the Senator from New York should receive immediate attention. I ask that it may be considered now.

The Secretary read the joint resolution, and there being no objection, it was considered as in Committee of the Whole.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

PEMBROKE B. BANTON.

Mr. HOPKINS. I am directed by the Committee on Inter-oceanic Canals to report back favorably with an amendment the bill (S. 4831) for the relief of Pembroke B. Banton, and I submit a report (No. 423) thereon. I desire to call the attention of the Senator from Iowa [Mr. ALLISON] to the bill.

Mr. ALLISON. I ask unanimous consent that the bill may be now considered. It is one that has the sanction of the Isthmian Canal Commission, the President of the United States has recommended action on it, and it is the unanimous report of the Committee on Inter-oceanic Canals.

The Secretary read the bill, and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

The amendment of the committee was, in line 6, before the word "thousand," to strike out "twenty" and insert "ten," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Pembroke B. Banton, of Waterloo, Iowa, out of any funds in the Treasury of the United States not otherwise appropriated, the sum of \$10,000, to compensate him for injuries received while in the employ of the Government on the Panama Canal.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SURVEY OF WOOD RIVER, OREGON.

Mr. McLAURIN, from the Committee on Commerce, to whom was referred the Senate concurrent resolution submitted by Mr. FULTON on the 20th instant, reported it without amendment, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Secretary of War be, and he is hereby, directed to cause a survey and estimate to be made for a project of improvement of Wood River from the point where it empties into Klamath Lake, in Klamath County, Oreg., to the head of navigation, and report the same to Congress.

DONATION OF CANNON.

Mr. FRAZIER. From the Committee on Military Affairs I report back favorably without amendment the bill (H. R. 13077) to authorize the Secretary of War to furnish four condemned brass cannon and cannon balls to the Confederate Monument Association, at Franklin, Tenn., and I submit a report thereon (No. 425). I ask for its present consideration.

The Secretary read the bill, and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

POLICEMEN'S AND FIREMEN'S RELIEF FUNDS.

Mr. BURKETT, from the Committee on the District of Columbia, to whom was referred the bill (H. R. 15230) to amend an act approved February 28, 1901, entitled "An act relating to the Metropolitan police of the District of Columbia," reported it with an amendment and submitted a report (No. 429) thereon.

He also, from the same committee, to whom was referred the bill (S. 4444) to amend an act approved February 28, 1901, entitled "An act relating to the Metropolitan police of the District of Columbia," moved that it be indefinitely postponed, which was agreed to.

Mr. BURKETT. By direction of the Committee on the District of Columbia I report a resolution covering the report of the Committee on the District of Columbia just made, and I ask for its immediate consideration.

The resolution was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Commissioners of the District of Columbia be, and they are hereby, directed to submit to the Senate at the opening of the session of Congress, in December, 1908, a complete report upon the policemen's and firemen's pension relief funds, showing the amount of money expended from each fund each year since the funds were created, together with a list of persons drawing relief under each fund, the amount thereof, the disability therefor, or if a widow or child the cause of death of the husband or father; also a statement of such relief and pension systems in other cities, together with any recommendation the Commissioners may have for legislation looking toward the reorganization of the entire system of pension and relief for the police and fire departments of the District of Columbia.

BILLS INTRODUCED.

Mr. CURTIS introduced a bill (S. 6351) granting an increase of pension to H. Clay Harman, which was read twice by its title and, with the accompanying papers, referred to the Committee on Pensions.

Mr. WETMORE introduced a bill (S. 6352) granting an increase of pension to Daniel Champlin, which was read twice by its title and, with the accompanying papers, referred to the Committee on Pensions.

Mr. BOURNE introduced a bill (S. 6353) granting an increase of pension to Robert Starkey, which was read twice by its title and referred to the Committee on Pensions.

Mr. STEPHENSON introduced the following bills, which were severally read twice by their titles and referred to the Committee on Pensions:

A bill (S. 6354) granting an increase of pension to John G. Wheeler; and

A bill (S. 6355) granting an increase of pension to Michael A. Leahy.

Mr. OVERMAN introduced a bill (S. 6356) for the purchase of a site and the erection of quarters and an office for the quarantine officer at Southport, N. C., which was read twice by its title and referred to the Committee on Public Buildings and Grounds.

Mr. PAYNTER introduced a bill (S. 6357) for the relief of Nicholas C. Pettit, which was read twice by its title and referred to the Committee on Claims.

Mr. GALLINGER introduced the following bills, which were severally read twice by their titles and referred to the Committee on the District of Columbia:

A bill (S. 6358) to amend an act entitled "An act to incorporate The Masonic Mutual Relief Association of the District of Columbia;" and

A bill (S. 6359) to change the name and jurisdiction of the inferior court of justice of the peace in the District of Columbia (with the accompanying papers).

He also introduced a bill (S. 6360) to further increase the efficiency of the United States Marine Corps, and for other purposes, which was read twice by its title and, with the accompanying papers, referred to the Committee on Naval Affairs.

Mr. FRYE introduced a bill (S. 6361) granting an increase of pension to Caleb H. Ellis, which was read twice by its title and, with the accompanying papers, referred to the Committee on Pensions.

Mr. GAMBLE introduced a bill (S. 6362) granting an increase of pension to William F. Roberts, which was read twice by its title and, with the accompanying papers, referred to the Committee on Pensions.

Mr. ALLISON introduced a bill (S. 6363) granting title to a parcel of land in the city of Dubuque, Iowa, heretofore known as St. Raphael's Cemetery, to the Archbishop of Dubuque and his successors in office, and confirming and establishing the title thereto accordingly, which was read twice by its title and referred to the Committee on Public Lands.

He also introduced the following bills, which were severally read twice by their titles and referred to the Committee on Military Affairs:

A bill (S. 6364) to remove the charge of desertion from the record of Eugene Perdue; and

A bill (S. 6365) to remove the charge of desertion from the record of Charles H. Koon.

He also introduced a bill (S. 6366) granting an increase of pension to Solomon Holsey, which was read twice by its title and referred to the Committee on Pensions.

Mr. KNOX introduced a bill (S. 6367) to amend an act entitled "An act to provide for refunding taxes paid upon legacies and bequests for uses of a religious, charitable, or educational character, for the encouragement of art, etc., under the act of June 13, 1898, and for other purposes," approved June 27, 1902, which was read twice by its title and referred to the Committee on Finance.

He also (for Mr. PENROSE) introduced a bill (S. 6368) to grant an honorable discharge to James Carter, which was read twice by its title and, with an accompanying paper, referred to the Committee on Military Affairs.

He also (for Mr. PENROSE) introduced the following bills, which were severally read twice by their titles and referred to the Committee on Pensions:

A bill (S. 6369) granting a pension to Amelia Harmon;

A bill (S. 6370) granting an increase of pension to Fred A. Reen; and

A bill (S. 6371) granting an increase of pension to John B. Wimley.

He also (for Mr. PENROSE) introduced a bill (S. 6372) for the relief of John A. Henderson, assistant engineer, United States Navy, retired, which was read twice by its title and referred to the Committee on Naval Affairs.

Mr. SUTHERLAND introduced a bill (S. 6373) waiving the statute of limitations as to the claim of the Nestler Brewing Company, and authorizing the Commissioner of Internal Revenue to adjudicate the same, which was read twice by its title and referred to the Committee on Claims.

Mr. McCUMBER introduced a bill (S. 6374) granting an increase of pension to Judson Morrow, which was read twice by its title and referred to the Committee on Pensions.

He also introduced a bill (S. 6375) granting an honorable discharge to Abram Grevelstein, which was read twice by its title and, with the accompanying papers, referred to the Committee on Military Affairs.

Mr. ELKINS introduced a bill (S. 6376) granting an increase of pension to W. F. Sanders, which was read twice by its title and referred to the Committee on Pensions.

He also introduced the following bills, which were severally read twice by their titles and referred to the Committee on Claims:

A bill (S. 6377) for the relief of Fredericca Kimmerling; and
A bill (S. 6378) for the relief of Marion Lantz (with accompanying papers).

He also introduced a bill (S. 6379) granting an increase of pension to Abraham W. Howard, which was read twice by its title and referred to the Committee on Pensions.

Mr. HOPKINS introduced a bill (S. 6380) granting a pension to William Metzger, which was read twice by its title and referred to the Committee on Pensions.

Mr. TAYLOR introduced a bill (S. 6381) for the relief of Laura A. Hill, which was read twice by its title and, with the accompanying paper, referred to the Committee on Claims.

He also introduced a bill (S. 6382) for the relief of Gennie W. Burnett, which was read twice by its title and referred to the Committee on Claims.

Mr. DEPEW introduced a bill (S. 6383) to provide for the better security of life on certain water craft, which was read twice by its title and referred to the Committee on Commerce.

He also introduced a bill (S. 6384) for the relief of the legal representatives of Samuel Schiffer, which was read twice by its title and referred to the Committee on Claims.

He also introduced a bill (S. 6385) granting an increase of pension to George Dengler, which was read twice by its title and, with the accompanying papers, referred to the Committee on Pensions.

Mr. FRAZIER introduced the following bills, which were severally read twice by their titles and referred to the Committee on Claims:

A bill (S. 6386) for the relief of Mrs. Laura Barrett; and
A bill (S. 6387) for the relief of the heirs of Thomas Dean, deceased.

Mr. HEYBURN introduced a bill (S. 6388) granting a pension to Jethro J. T. Garde, which was read twice by its title and referred to the Committee on Pensions.

Mr. BURKETT introduced a bill (S. 6389) amending section 869 of the Code of Law for the District of Columbia, which was read twice by its title and referred to the Committee on the District of Columbia.

Mr. PAYNTER introduced a bill (S. 6390) for the relief of the estate of William Thomas Lowe, which was read twice by its title and referred to the Committee on Claims.

AMENDMENTS TO POST-OFFICE APPROPRIATION BILL.

Mr. BANKHEAD submitted an amendment providing that after June 30, 1908, letter carriers of the rural delivery service shall receive a salary not exceeding \$1,000 per annum, etc., intended to be proposed by him to the post-office appropriation bill, which was referred to the Committee on Post-Offices and Post-Roads and ordered to be printed.

Mr. HEYBURN submitted an amendment providing that the pay of the agent and assistants to examine and distribute registry envelopes, agent, be \$2,500, intended to be proposed by him to the post-office appropriation bill, which was referred to the Committee on Post-Offices and Post-Roads and ordered to be printed.

AMENDMENT TO OMNIBUS CLAIMS BILL.

Mr. TELLER submitted an amendment intended to be proposed by him to House bill 15372, known as the "omnibus claims bill," which was ordered to lie on the table and be printed.

ADDITIONAL COMMITTEE CLERK.

Mr. WARREN submitted the following resolution, which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Committee on Agriculture and Forestry be authorized to employ an additional clerk from April 1, 1908, for the remainder of the present session, who shall be paid at the rate of \$2,220 per annum out of the contingent fund of the Senate.

TENNESSEE RIVER BRIDGE.

Mr. McCREARY. I ask unanimous consent for the consideration of House bill 18616, which has passed the House of Representatives and been reported by the Committee on Commerce.

Mr. ALDRICH. I am constrained to object.

Mr. McCREARY. It is a bridge bill and it will take but a moment.

The VICE-PRESIDENT. Objection is made to the request of the Senator from Kentucky.

SUPREME COURT DECISIONS.

Mr. LONG. I present the opinions of the Supreme Court in two cases, the case of Young, petitioner, and the case of Hunter v. Wood, and ask that they be printed as a Senate document.

Mr. CULBERSON. What are the decisions?

Mr. LONG. They are the recent decisions of the Supreme Court in the Minnesota and North Carolina cases.

Mr. CULBERSON. I should like to ask if the dissenting opinions are included?

Mr. LONG. The dissenting opinions are also included.

There being no objection, the order was reduced to writing and agreed to, as follows:

Ordered, That decisions of the Supreme Court of the United States in the matter of Edward T. Young, petitioner, on petition for writs of habeas corpus and certiorari, and the dissenting opinion of Judge Harlan and the decision in the case of Thomas F. Hunter, sheriff, etc., v. James H. Wood, be printed as a document.

HOUSE BILL REFERRED.

H. R. 19955. An act making appropriations to supply certain additional urgent deficiencies in the appropriations for the fiscal year ending June 30, 1908, was read twice by its title, and referred to the Committee on Appropriations.

AMENDMENT OF NATIONAL BANKING LAWS.

Mr. ALDRICH. I ask that Senate bill 3023 be laid before the Senate and proceeded with.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 3023) to amend the national banking laws.

The VICE-PRESIDENT. The pending question is on the amendment proposed by the Senator from Alabama [Mr. JOHNSTON], which will be read by the Secretary.

The SECRETARY. On page 9, line 24, after the words "Sec. 8," insert the following:

That after January 1, 1909, national banking associations located outside of reserve or central reserve cities, which are now required by law to keep a reserve equal to 15 per cent of their deposit liabilities, shall hereafter hold in their own vaults four-fifths of such reserves, either in lawful money as now required by law, or in the securities enumerated in section 2 of this act, which shall have been approved by the Secretary of the Treasury: *Provided, however*, That not more than one-third of the reserves required to be kept in the vaults of such associations shall be held in such securities.

Mr. JOHNSTON. Mr. President, the amendment I offered yesterday afternoon is in regard to the reserves required to be held by other than reserve banks. The Senate will understand that under the present law country banks—that is, banks not in reserve cities—are required to hold 15 per cent of their deposits, and of this 9 per cent can be kept with reserve agents in reserve cities. My amendment requires that of the 15 per cent 12 per cent shall be kept by the home banks or the country banks in their vaults, and of this 12 per cent one-third may be held in the bonds specified as security for emergency currency in circulation under the proposed act.

The effect of the amendment, if adopted, would be that it would withdraw from New York and other reserve cities at least 6 per cent of the reserve that now may be held with reserve agents. The calculation I have made is that that would withdraw from New York and other reserve cities about \$200,000,000, and to that extent it would put some substantial check upon the use of this reserve money by these banks in aid of speculation. It would strengthen the home banks by requiring them to keep in their vaults at all times 12 of the 15 per cent of their reserves, either in actual money or in money and bonds upon which money could be procured in an emergency.

I have heard it suggested on this floor that it would not be of much service to the home banks to have these bonds upon which they could procure currency because of the time that would be required to obtain it. But, as I understand it, under the provisions of the bill this money can be procured at any subtreasury of the United States, and I think that there are few localities in the country where the money could not be procured within twenty-four hours from some subtreasury of the United States.

I think that the adoption of the amendment would not only strengthen the home banks, but would enable them to meet the demands of their depositors much better than at present and not tie up their reserves a thousand miles away from home. We all know how the banks in the country were unable to procure from New York the money they had on reserve with their reserve agents when they needed it most.

My information now is that one of the troubles that we are confronting is not so much the disasters that the panic has already caused, but the banks themselves have not yet recovered from the panic and they are holding very large amounts of cash in their vaults pending legislation on this question. I have information from some banks in my own State that they are holding as much as 70 per cent of their deposits practically in their vaults, and so long as that condition of affairs continues the road to recovery and to normal conditions will be very slow.

Mr. President, I think this amendment is about as far as we

can safely go. Some gentlemen on this side have advocated that the whole reserve required should be kept in the vaults of the banks. I think that would require too much money to be withdrawn from circulation in ordinary times. All the banks must keep some balances in the central reserve cities, and to permit them to keep as small as 3 per cent of the 15 per cent there would give them a margin for their exchange business and enable them to carry it on without any serious detriment to their business.

For these reasons I think the amendment should be adopted.

Mr. ALDRICH. Mr. President, this amendment has been considered by the Finance Committee and approved by it. If any change is to be made in the reserves I think the suggestion of the Senator from Alabama is a conservative one, and in an intelligent manner, and the amendment should be adopted.

Mr. GORE. I move to amend the amendment by inserting after the words "in the securities enumerated in section 2 of this act" the words:

Or cotton warehouse receipts, or grain elevator receipts, not to exceed 75 per cent of the face value of the receipt or the products represented.

Mr. President, those are quick assets and would give an element of elasticity to the currency, or rather to the bank credits, when most needed.

The VICE-PRESIDENT. The amendment proposed by the Senator from Oklahoma to the amendment of the Senator from Alabama will be stated.

The SECRETARY. In line 7 of the amendment, after the words "or in the securities enumerated in section 2 of this act," insert:

Or cotton warehouse receipts, or grain elevator receipts, not to exceed 75 per cent of the face value of the receipt or products represented.

Mr. NELSON. Mr. President, I would suggest to the chairman of the Finance Committee and the Senator from Alabama and the Senator from Texas that the most orderly proceeding in reference to this matter of reserves would be to first take a vote on the amendment offered by the Senator from Texas, which proposes to repeal entirely the matter of reserves.

Mr. ALDRICH. That can be easily reached if the Senator from Texas proposes his amendment as a substitute for the amendment of the Senator from Alabama. There is no parliamentary difficulty in the procedure, if the Senator from Texas desires it.

Mr. CULBERSON. The amendment which I propose was offered yesterday, and while it is not immediately pending it is before the Senate. It occurred to me, I will say to the Senator from Minnesota, to offer it after the bill had been perfected so far as amendments were concerned as to the partial deposit of the reserves. In other words, the amendment proposed by the Senator from Alabama does not go as far as the amendment proposed by the Senator from Minnesota or myself.

The amendment proposed by the Senator from Alabama, as I understand it, is that fourth-fifths of the 15 per cent reserve of country banks shall be kept in the banks and the balance may be deposited in reserve cities or in central reserve cities. Inasmuch as that only affects existing law partially, it occurred to me best to have a vote upon it and afterwards a vote upon the amendment which I offered, which requires all of the 15 per cent to be retained by the country banks and 25 per cent by the reserve banks. I am willing to adapt myself to the convenience and pleasure of the Senator, however.

Mr. NELSON. It was only a suggestion of mine. I thought perhaps we might first vote on the amendment as a substitute for the amendment of the Senator from Alabama.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Oklahoma [Mr. GORE] to the amendment of the Senator from Alabama [Mr. JOHNSTON]. [Putting the question.] The "noes" appear to have it.

Mr. GORE. Mr. President, I believe I will ask for a ye-and-nay vote on the amendment to the amendment.

Mr. McCUMBER. Will the Secretary please read the amendment to the amendment again?

The VICE-PRESIDENT. The Secretary will read as requested.

The Secretary again read the amendment to the amendment.

The VICE-PRESIDENT. Is there a second to the demand for the yeas and nays?

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FRAZIER (when his name was called). I have a standing pair with the junior Senator from South Dakota [Mr. KITTREDGE], who is not present, and therefore I withhold my vote.

Mr. GAMBLE (when his name was called). I have a general pair with the Senator from Nevada [Mr. NEWLANDS]. An ar-

rangement has been made whereby I transfer that pair to the senior Senator from Maine [Mr. HALE] and vote. I vote "nay."

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. CLAPP], who is absent.

Mr. WARREN (when his name was called). I again announce my pair with the Senator from Mississippi [Mr. MONEY], and therefore withhold my vote.

The roll call was concluded.

Mr. CULLOM. I have a general pair with the Senator from Virginia [Mr. MARTIN]. I transfer that pair to the Senator from Indiana [Mr. HEMENWAY], and vote. I vote "nay."

Mr. WARREN. By an arrangement of pairs, the Senator from Mississippi [Mr. MONEY], with whom I am paired generally, will upon this vote be paired with the Senator from Ohio [Mr. FORAKER]. I vote "nay."

The result was announced—yeas 3, nays 56, as follows:

YEAS—3.

Gore McLaurin Overman

NAYS—56.

Aldrich	Cullom	Gary	Paynter
Allison	Curtis	Guggenheim	Perkins
Ankeny	Depew	Heyburn	Piles
Bankhead	Dick	Hopkins	Platt
Beveridge	Dillingham	Johnston	Richardson
Borah	Dixon	Kean	Smith, Mich.
Bourne	Dolliver	Knox	Smoot
Brandeggee	du Pont	La Follette	Stephenson
Brown	Elkins	Lodge	Sutherland
Burkett	Flint	Long	Taylor
Burnham	Foster	McCreary	Teller
Burrows	Frye	McCumber	Warner
Crane	Gallinger	Nelson	Warren
Culbertson	Gamble	Owen	Wetmore

NOT VOTING—31.

Bacon	Clay	Hemenway	Rayner
Bailey	Daniel	Kittredge	Scott
Briggs	Davis	McEnery	Simmons
Bulkeley	Foraker	Martin	Smith, Md.
Carter	Frazier	Money	Stone
Clapp	Fulton	Newlands	Taliaferro
Clark, Wyo.	Hale	Nixon	Tillman
Clarke, Ark.	Hansbrough	Penrose	

So Mr. GORE's amendment to Mr. JOHNSTON's amendment was rejected.

Mr. CULBERSON. I move to amend the amendment of the Senator from Alabama [Mr. JOHNSTON], in line 6, after the word "reserves," by striking out "either," and beginning in the same line, after the word "law," by striking out down to and including line 11 of the amendment, as follows:

Or in the securities enumerated in section 2 of this act, which shall have been approved by the Secretary of the Treasury: *Provided, however*, That not more than one-third of the reserves required to be kept in the vaults of such associations shall be held in such securities.

Mr. President, I ask the indulgence of the Senate to say that, in my judgment, the bank reserves should be held in lawful money of the United States, and not in bond securities or the securities of grain-elevator receipts, or anything other than money. Upon that principle I voted against the amendment proposed by the Senator from Oklahoma [Mr. GORE]; and, in order to emphasize the question, I offer this amendment, and at the proper time I will ask the yeas and nays upon it.

The VICE-PRESIDENT. The Senator from Texas [Mr. CULBERSON] proposes an amendment to the amendment of the Senator from Alabama [Mr. JOHNSTON], which will be stated.

The SECRETARY. In the amendment proposed by Mr. JOHNSTON, in line 6, after the word "reserves," it is proposed to strike out "either," and in the same line, after the word "law," to strike out the remainder of the amendment, as follows:

Or in the securities enumerated in section 2 of this act, which shall have been approved by the Secretary of the Treasury: *Provided, however*, That not more than one-third of the reserves required to be kept in the vaults of such associations shall be held in such securities.

Mr. ALDRICH. Mr. President, the suggestion made by the Senator from Texas [Mr. CULBERSON]—and which is the principle involved in his pending amendment to this bill—is absolutely impracticable. Its adoption would result in a greater disaster to this country than resulted from the late panic. It will not be voted for, I am sure, by any considerable number of Senators after it has been discussed by the Senate.

Mr. CULBERSON. The Senator will pardon me, I trust—The VICE-PRESIDENT. Does the Senator from Rhode Island yield to the Senator from Texas?

Mr. ALDRICH. Yes.

Mr. CULBERSON. The proposition now before the Senate—I beg to call the attention of the Senator from Rhode Island—

Mr. ALDRICH. I am aware of that fact. I understand the Senator's amendment.

Mr. CULBERSON. The proposition now before the Senate is not to keep the entire reserve at home, but to prevent the

national banks from holding, in lieu of their reserves, bonds mentioned in section 2 of this act.

Mr. ALDRICH. I understand the amendment of the Senator from Texas perfectly, I think.

I was about to say, in addition to my criticism of the Senator's amendment which is now pending, that when it becomes obvious to the Senate—as I am sure it will sooner or later—that it is not possible to hold all reserves of the national banks of the United States in lawful money, you will be then confronted by the proposition of the Senator from Alabama [Mr. JOHNSTON], whether it is better to hold those reserves in the reserve and central reserve cities, or in a class of securities which are made by this act immediately exchangeable for cash.

Now, let us see what the practical operation of the amendment of the Senator from Alabama would be. Suppose we have any financial trouble in any part of the country. A bank under existing law must either keep its reserve in lawful money in its own vaults, or have it deposited in some national bank in a reserve or a central reserve city. I say it is impossible to require those banks to hold all their reserves in lawful money. That is a mathematical question which can be demonstrated beyond doubt. Is it better to allow the country banks of the United States to hold a portion of their reserves, which would be otherwise deposited in the cities of New York, Chicago, St. Louis, and the other reserve cities, or to have them hold a class of securities as reserves that are made immediately exchangeable for money? There can be no better class of reserves possible for a country bank, especially in time of trouble. In time of trouble the balance in New York, as has been shown by experience in such crises, is not available, and can not be made available. All that a bank holding these securities has to do is to go to the nearest subtreasury and it will, without delay and without notice, receive the cash for them.

I therefore think that the amendment of the Senator from Alabama is not only correct, but that it is wise legislation.

Mr. OWEN. Mr. President, I regret very much that I can not agree with the proposed amendment of the Senator from Texas [Mr. CULBERSON]. I agree with the amendment as drawn by the Senator from Alabama [Mr. JOHNSTON]. It was very carefully drawn, in view of the actual amount of cash which the banks of this country have in hand. The amendment as proposed by the Senator from Alabama adds 2 per cent of the gross deposits of the country banks in cash to the holding of the reserves of the country banks, and using 4 per cent of these bonds will simply transfer credits, which now perhaps may be with the reserve agents, into the form of these securities, but will not require of them any more currency for that purpose. If more currency is required than there is in existence in these banks, obviously, to establish the relation, it would be necessary to contract the credits in a sum about four times as great as the additional amount of money that would be compelled to be put in these banks. It would therefore cause a dangerous constriction of credits and would emphasize the very panic from which we have just recovered. I think it would be a harmful amendment, and therefore feel obliged to oppose it.

The VICE-PRESIDENT. The question is on the amendment proposed by the Senator from Texas [Mr. CULBERSON] to the amendment of the Senator from Alabama [Mr. JOHNSTON].

Mr. CULBERSON. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. DEPEW. Mr. President, I ask that the amendment to the amendment be again stated.

The VICE-PRESIDENT. The Secretary will again state the amendment to the amendment.

The amendment to the amendment was again stated.

The Secretary proceeded to call the roll.

Mr. CULLOM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. MARTIN]. I transfer that pair to the junior Senator from Indiana [Mr. HEMENWAY], and will vote. I vote "nay." I make this announcement for the day.

Mr. DEPEW (when his name was called). I have a general pair with the Senator from Louisiana [Mr. MCENERY]. I withhold my vote in his absence.

Mr. ELKINS (when his name was called). I have a general pair with the junior Senator from Texas [Mr. BAILEY] and therefore withhold my vote.

Mr. FRAZIER (when his name was called). I have a standing pair with the Senator from South Dakota [Mr. KITTREDGE]. He is absent, and therefore I withhold my vote.

Mr. GAMBLE (when his name was called). I again announce my general pair with the senior Senator from Nevada [Mr. NEWLANDS]. An arrangement has been made whereby that pair is transferred to the senior Senator from Maine [Mr. HALE]. Therefore I am at liberty to vote, and vote "nay."

Mr. SIMMONS (when his name was called). I again announce my pair with the junior Senator from Minnesota [Mr. CLAPP].

Mr. WARREN (when his name was called). Under the arrangement of pairs announced on the previous vote, whereby the Senator from Mississippi [Mr. MONEY] will stand paired with the Senator from Ohio [Mr. FORAKER], I will vote. I vote "nay."

The roll call was concluded.

Mr. FOSTER. I have a pair with the Senator from Connecticut [Mr. BULKELEY]. Not knowing how he would vote on this matter, I withhold my vote.

The result was announced—yeas 4, nays 49, as follows:

YEAS—4.			
Clay	Culbertson	Gore	Heyburn
NAYS—49.			
Aldrich	Dick	Kean	Richardson
Allison	Dillingham	Knox	Smith, Mich.
Ankeny	Dixon	La Follette	Smoot
Bankhead	Dolliver	Lodge	Stephenson
Borah	du Pont	Long	Sutherland
Bourne	Flint	McCumber	Taylor
Brandegee	Frye	Nelson	Teller
Brown	Gallinger	Owen	Warner
Burkett	Gamble	Overman	Warren
Burnham	Gary	Paynter	Wetmore
Crane	Guggenheim	Perkins	
Cullom	Hopkins	Piles	
Curtis	Johnston	Platt	
NOT VOTING—37.			
Bacon	Daniel	Hemenway	Rayner
Bailey	Davis	Kittredge	Scott
Beveridge	Depew	McCreary	Simmons
Briggs	Elkins	McEnery	Smith, Md.
Bulkeley	Foraker	McLaurin	Stone
Burrows	Foster	Martin	Taliaferro
Carter	Frazier	Money	Tillman
Clapp	Fulton	Newlands	
Clark, Wyo.	Hale	Nixon	
Clarke, Ark.	Hansbrough	Penrose	

So Mr. CULBERSON's amendment to the amendment of Mr. JOHNSTON was rejected.

The VICE-PRESIDENT. The question recurs on the amendment proposed by the Senator from Alabama [Mr. JOHNSTON].

Mr. HEYBURN. Mr. President, it may be interesting before voting on that question to have our attention called to the wisdom of the legislature of the State of New York, as expressed yesterday upon this question. I will read the dispatch in this morning's New York Times, which is also found in other papers:

ALBANY, N. Y., March 26, 1908.

By a vote of 81 to 45, the assembly to-day passed the banking department's bill increasing the reserve of State banks. The increase in the banks of the Borough of Manhattan is from 15 to 25 per cent, 15 per cent to be carried in vault and 10 per cent on deposit with a reserve agent. In other boroughs of New York the required reserve is 12½ per cent in vault and 12½ per cent on deposit with reserve agent.

In other parts of the State the required reserve is increased from 5 per cent to 6 per cent cash in vault and from 5 to 9 per cent on deposit with a reserve agent.

I do not intend to comment at any length upon this, but I thought it well to note that those of us who have favored the holding of the reserves in cash in the vaults of the banks, while we might not have much support in the Senate of the United States, yet that the great State of New York was not out of harmony with the views expressed by us and supported by our votes. If the Senator from Rhode Island [Mr. ALDRICH] is correct that a policy of this kind would bankrupt the nation, then New York has set her foot toward the first march of demoralization and bankruptcy.

Mr. SIMMONS. In the amendment proposed by the Senator from Alabama [Mr. JOHNSTON], in line 7, after the words "in the securities enumerated in section 2 of this act," I move to amend by inserting "or bank notes issued against such securities." I will say just a word, Mr. President, in reference to that amendment.

The VICE-PRESIDENT. The amendment proposed by the Senator from North Carolina to the amendment of the Senator from Alabama [Mr. JOHNSTON] will be stated.

The SECRETARY. In the amendment proposed by Mr. JOHNSTON, in line 7, after the word "act," it is proposed to insert "or bank notes issued against such securities."

Mr. SIMMONS. Mr. President—

Mr. du PONT. I ask that the amendment to the amendment be read again. I could not hear it.

The VICE-PRESIDENT. The Secretary will again state the amendment to the amendment.

The Secretary again read the amendment to the amendment.

Mr. SIMMONS. Mr. President, as I understand the present situation of this matter, the Finance Committee has accepted the amendment of the Senator from Alabama. That amendment provides that one-third of the reserves required to be

kept in the vaults of the banks may be kept in the bonds described in this bill—that is, State, county, and municipal bonds. The theory upon which, as I understand, the committee agrees to accept, and, if the Senate adopts the amendment, the theory upon which the Senate will adopt that amendment, is that these bonds can be quickly converted into money—that is, into national-bank notes.

Under the present law, Mr. President, national-bank notes after they are issued can not be used as a part of the reserves of the banks. If these bonds are good as reserves—and that is what we declare if we adopt the amendment of the Senator from Alabama—the money which may be issued against these bonds is equally good as reserves.

What would be the position of a bank holding these bonds as a part of its reserve in case the conditions of business required it to use those bonds for the purpose of getting money? It would come to the Treasury. The Treasury would issue it money upon the bonds, but after getting that money the bank would not, under the law, be permitted to use that money to supply the vacuum created by the withdrawal of the bonds from its reserve for the purpose of getting it. It seems to me, in that condition of things, that if these bonds are accepted for reserves then the money into which these bonds may be converted ought also to be accepted as a part of the reserve.

My proposition is not to make national-bank notes good for the whole amount of the reserves that a bank may hold, but to make them good for that part of the reserves represented by the bonds which we provide may be used as a part of the reserve of the bank.

The VICE-PRESIDENT. The question is on the amendment of the Senator from North Carolina [Mr. SIMMONS] to the amendment of the Senator from Alabama [Mr. JOHNSTON].

The amendment to the amendment was rejected.

The VICE-PRESIDENT. The question recurs on the amendment proposed by the Senator from Alabama [Mr. JOHNSTON]. The amendment was agreed to.

Mr. OWEN. I move an amendment, at the end of the bill, as follows:

That no provision of law shall be construed to forbid any national bank to contract for the insurance of its deposits in any State wherein the laws of such State provide for the insurance of the deposits of State banks.

The VICE-PRESIDENT. The amendment will be stated by the Secretary.

The SECRETARY. It is proposed to add at the end of the bill the following words:

That no provision of law shall be construed to forbid any national bank to contract for the insurance of its deposits in any State wherein the laws of such State provide for the insurance of the deposits of State banks.

Mr. OWEN. Mr. President, I should like to ask the indulgence of the Senate just for a few moments. I had intended to offer an amendment proposing the insurance of bank deposits, because I believe—and the history relating to that subject justifies the belief—that it would have a powerful tendency to prevent the withdrawal of deposits by timid depositors, would prevent the hoarding of money, and therefore would prevent panics and would promote the stability of our commerce. Because of the opposition of the Committee on Finance to that opinion and because I do not believe the Senate is ready to adopt such a provision, I now make this suggestion, which would relate, so far as I know, only to the State of Oklahoma.

In that State they have a provision by which the State banks insure their deposits by a mutual arrangement through the officers of the State. A number of national banks in Oklahoma, where the rivalry was strong, have already given up their charters and taken out State charters, because they could not stand the opposition. In many cases it will make no difference with the banks, but a great many of the national banks of Oklahoma would like to provide an insurance for themselves on a mutual plan, and since it does not affect any other State, and since it goes to the protection of the national banks in the State which I have the honor, in part, to represent, I hope there will be found no objection on the part of the Senate to the proposed amendment.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Oklahoma.

Mr. McLAURIN. I should like to hear the amendment again.

The VICE-PRESIDENT. The Secretary will again read the amendment.

The Secretary again read the amendment.

Mr. BORAH. I should like to ask the Senator from Oklahoma if he thinks the amendment is necessary in order to enable the banks to do that?

Mr. OWEN. I think it is necessary under the possible view of the Comptroller of the Currency, who does not now think the law broad enough to justify it.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Oklahoma.

The amendment was rejected.

Mr. NELSON obtained the floor.

Mr. TELLER. Mr. President—

The VICE-PRESIDENT. Does the Senator from Minnesota yield to the Senator from Colorado?

Mr. NELSON. I yield to the Senator from Colorado.

Mr. TELLER. If the Senator from Minnesota desires to offer an amendment I will wait.

Mr. NELSON. I offer the amendment I send to the desk, to be inserted as an independent section.

The SECRETARY. It is proposed to add at the end of the bill the following:

SEC. —. That one-half of all taxes to be paid by national banking associations upon the average amount of their notes in circulation, pursuant to the provisions of section 4 of this act, shall be, and hereby is, set apart in the Treasury of the United States as a permanent special fund, termed "Depositors' fund," to be used and expended in paying all depositors, except the United States, the amount of their deposits in any such association that has become insolvent, and for which a receiver has been appointed; and whenever any such association has become insolvent and a receiver has been appointed therefor by the Comptroller of the Currency, the Secretary of the Treasury shall, as soon as practicable, under such rules and regulations as he may prescribe, pay all depositors of such association, except the United States, the amount of their then subsisting deposits out of and from the said special fund; and after making such payment the United States shall, as to such deposits, be subrogated to all the rights and remedies of the depositors, and shall be entitled to recover and receive from the assets of such association all dividends and the sums which the depositors would be entitled to if not paid from said special fund as aforesaid, and the amount so recovered and received shall be placed to the credit of and be a part of said special fund. Said special depositors' fund shall not be allowed to exceed the sum of \$20,000,000, and all sums in excess of that amount shall be covered into the general funds of the Treasury.

Mr. NELSON. Mr. President, I do not intend to enter into any extended discussion of this matter. I spoke upon it two weeks ago or so. I simply desire to call attention to the fact that a panic is distinguishable from a mere money stringency. A money stringency may arise because there is a temporary scarcity of currency, but whenever we have a panic such as we had last fall it always originates in a run by depositors on the banks, and last fall we had the spectacle of over \$200,000,000 being withdrawn from the banks of New York within the space of less than ten days. As a result of that run and withdrawal, the banks, to protect themselves, practically closed their doors. In other words, they suspended cash payments for all practical purposes.

Now, the great volume of money that the banks have to dispose of and loan to their customers for purposes of trade and commerce is the money of their depositors. If you will look at the report of the Comptroller of the Currency, you will see that a large amount of the capital and surplus of the national banks is held in the shape of long-time securities—bonds of various kinds, national, State, municipal, and railroad bonds—so that their available money for loaning purposes is really the money of the depositors.

When a panic sets in and a run starts on the bank, money becomes scarce through two causes. First, because the depositors withdraw their money. In the next place, people who before that were content to get their pay in drafts and checks and credit currency are then anxious to have the cash.

On the one hand the supply of cash is depleted. On the other hand the demand for it increases.

Then there is another thing in connection with it, Mr. President. When a run is started on a bank by the depositors who withdraw their money, the bank, if it is a solvent bank and intends to keep open shop, has to call in its loans from its customers. It can not give any more accommodation. Men go to the bank to get accommodation, to get their commercial paper extended, and the bank says "We can not do it. We must have this money to meet the demands of depositors. They are making a run upon the bank. Therefore, we can not give you any more accommodation. You will have to pay your paper. We not only can not give you an extension, but we insist upon it that you pay your paper, because we need the cash to pay the calls of our depositors."

Now, if you can by legislation, as is proposed here, provide a fund for the protection of depositors, so that they will feel easy and confident and will not be affected by these panics, you, to a large extent, cure such evils as we had last fall. To my mind those evils arose from two sources. First, from a want of confidence on the part of depositors. In consequence of that there was a run on the banks, and in the next place because the banks themselves were even more cowardly than the depositors; because the big banks throughout the country practically suspended payment. That is the one way in which they stopped the panic. To my mind an emergency currency, such as is proposed in this bill, if the depositors get frightened and scared as they

were last fall and institute a run, never would stop the panic. It might stop the hole in the New York Stock Exchange, but it would never stop the fright on the part of depositors.

The amendment does not levy any additional burden on the banks. It does not require them to pay an additional tax. It proposes to take one-half of the tax they now pay and set it apart as a fund for the benefit of depositors. The Federal Government does not guarantee the depositors. It simply provides a fund out of which they can be paid.

Mr. CLAY. Will the Senator permit me to ask him a question?

Mr. NELSON. Certainly.

Mr. CLAY. Is it not true that the tax we to-day collect from the national banks on account of circulation is money that goes into the Treasury of the United States and belongs to the United States? Is it not true that we collect this tax by reason of the fact that we authorize these banks to issue money guaranteed by the United States; and is not the amendment offered by the Senator from Minnesota really an amendment providing that the United States shall guarantee to the depositors their money in the bank?

Mr. NELSON. No; it is not an absolute guaranty.

Mr. CLAY. Well, it is a guaranty against losses.

Mr. NELSON. It provides a fund out of which the deposits of the depositors are to be paid.

Mr. CLAY. It provides a fund out of the Treasury of the United States.

Mr. NELSON. And that fund comes from the banks.

Mr. CLAY. It comes out of the Treasury. It is true the banks pay the taxes.

Mr. NELSON. Yes.

Mr. CLAY. But those taxes belong to the United States. They have belonged to the United States ever since we organized those banks. Does not the Senator think we would have just as much right to guarantee the payment of the debts of a merchant who failed or of a manufacturer who failed? Is it not a serious business when the United States undertakes to guarantee the payment of the debts of any individual or any corporation? When a depositor places his money in the bank, is it not true that the relation of debtor and creditor exists, and ought the Government to assume any liability in the premises? I have generally found the Senator from Minnesota correct, but I can not possibly agree with him in regard to his amendment. He is usually right, I am frank to confess, but I believe this would be a very serious undertaking.

Mr. NELSON. The Senator from Georgia takes a very narrow view of this question. To my mind the national banks are corporations created by the Federal Government. We have given them two functions. We have first clothed them with the function of issuing money, or what circulates as money. In other words, we have made them banks of issue. The Federal Government might have stopped with that, simply creating them banks of issue. In addition to that we have given them opportunities to carry on a general commercial business, to do what we call a discount and deposit business. Now, those banks are to that extent the agents of the Government. We have given them that power and authority; and independent of the law they could not exercise it. The right to carry on business as a corporation is not a constitutional right. The Federal Government and the State governments could absolutely refuse to create any corporation to carry on business, and no citizen would be in a position to say that he had been deprived of a constitutional right. Whenever a State government or the Federal Government creates a corporation to carry on certain public business, the creator of that corporation, the authority creating it, either State or Federal, has a right to prescribe the conditions and the terms upon which it shall do business. This is not a private business. The mistake the Senator makes is the mistake we heard years ago when we first attempted to regulate railroad transportation. The railroads got up on a lofty pinnacle and said to the American people: "We are private corporations. What right have you to regulate us? What right have you to say how we shall carry on our business? That is a matter between us and our stockholders." And yet when that question came before the courts, the courts decided, because the corporations were engaged in performing public service, created for that purpose, they were amenable and subject to public control.

The courts so decided even before the question about the railroads came up. In the case of *Munn v. Illinois*, the great elevator case, the court held that the men who were conducting the elevator business in the city of Chicago were performing a public function and a public service, and hence were amenable to public control.

Mr. HOPKINS. Mr. President—

The VICE-PRESIDENT. Does the Senator from Minnesota yield to the Senator from Illinois?

Mr. NELSON. Certainly.

Mr. HOPKINS. As I view the question it is not whether Congress has a constitutional right to require the banks to guarantee their deposits in the manner proposed by the amendment, but the real question is, Why should a man who has accumulated money and put it in a national bank be in a more favorable position than a man who loans money to a farmer or a merchant? If three men have \$500 each, why should the man who deposits in the bank have the Government of the United States step in and say that that money shall be returned to him with proper interest, whereas the man who loans it to a merchant or a farmer does not get such a guaranty?

Mr. NELSON. We give such a guaranty. What are the bills of the national banks? They are simply promissory notes of the bank, and we provide that those obligations of the national banks shall be paid and protected. The only difference is that in the one case the debt of the bank is represented by a note—national bank note. In the other case it is represented either by a certificate of deposit or by a bank book.

Mr. HOPKINS. If the Senator from Minnesota will allow me for a moment, there is a wide difference between guaranteeing the notes that are issued by national banks and guaranteeing a depositor the return of his money. The issuing of the notes by the banks is made a part of the governmental machinery to furnish a currency to the country. It is made a part of the national business. These banks are simply fiscal agents of the Government in giving out this currency; to allow an amount sufficient to carry on the business of the country. Now, the position of the depositor is entirely different.

Mr. NELSON. Mr. President, I am willing to answer questions, but I do not like to have a man interject a speech into my speech.

Mr. HOPKINS. I want to suggest that a depositor is in voluntary position. He can go to the bank or not, as he chooses. I see no reason on principle why he should be protected by a guaranty.

Mr. NELSON. I can not, of course, help it that the Senator from Illinois takes such an obtuse and superficial view of this question. [Laughter.] I am not the keeper of his mind or his conscience. I can only state to the Senate how the question appears to me as a practical matter.

When we allow the national banks to organize and incorporate we hold them out to the public as a species of governmental agencies. They acquire a reputation and standing that other banks in the community scarcely have. It is all very well for the Senator from Illinois and others to say that the depositors ought to take their own risk. But to the ordinary small depositor—the laboring man, the farmer—a bank is a bank, and he is not able to find out and he can not tell whether a bank is a first-class, a sound bank or not. It is sufficient to him to know that it is a Government institution, organized under Federal law, and he deposits his money.

Senators, you may think I am cranky about this subject, but I had a little experience in my younger days, the memory of which has been with me ever since. When I was a law student in the city of Madison, Wis., in 1867, I was very poor, but I finally succeeded in accumulating the great fund of \$500. It was practically all of my possessions. There was in the city of Madison a bank known as a "farmers' bank." I did not know the difference. I supposed one bank was as good as another. I deposited my little money in that bank. In a very short time the bank failed.

I did not have at that time the skill and judgment that the Senator from Illinois has. What dwelt in my mind was that the bank was a bank, and if I deposited my money in any bank in the city of Madison I would be perfectly safe. But I unfortunately had deposited in a very poor bank, which within a very short time utterly failed, and I lost everything I had with the exception of an old balky horse and an old cow. [Laughter.] If I had had the Senator from Illinois at my side at that time, perhaps he might have cautioned me. But the trouble is that the rank and file of depositors in this country, the laborers and farmers of this country, have not these wise statesmen at their shoulders to nudge them and say, "This is a good bank and that is a bad bank."

Mr. BEVERIDGE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Minnesota yield to the Senator from Indiana?

Mr. NELSON. Certainly.

Mr. BEVERIDGE. I rose to ask the Senator from Minnesota to explain a point in which I am very much interested, as other

Senators I know are, but before I ask him that question, with his permission, I want to say that I do not think any person is going to believe that making the depositors of this country, both small and great, secure in their savings would reduce this to a nation of slaves. I do not think that that is very convincing.

Mr. NELSON. It was a matter of hyperbole.

Mr. BEVERIDGE. Yes. I want to say further, before I ask the question, that I think the Senator from Minnesota has stated an undeniable truth. I was once the attorney for a bank that failed. It had had a great many hundreds of depositors, both large and small. The present occupant of the chair [the Vice-President] knows about that fact. It had a high reputation. The banks that fail not only deceive the depositors, but they deceive even the Government examiners. It is not by the exercise of any vigilance, of which we have heard so much spoken here, that depositors can determine whether a bank is sound or not. Suppose the Knickerbocker Trust Company had been a national bank. It had upward of \$70,000,000 of deposits. Not only did it have a great mass of stockholders, but it had some very heavy stockholders and very rich men and some financiers among the number. Yet they were deceived. So the argument that this is going to put a premium on negligence is not tenable. I am with the Senator from Minnesota on that. That is a plainly undeniable fact.

I wish to ask the Senator a question. It is the point made the other day by the Senator from Montana [Mr. CARTER], which, up to this time, has convinced me against the proposition of the Senator from Minnesota, which otherwise I would sympathize with, and that is this: The Senator showed by the annual failures and the amount due from the banks to their depositors that the sum was so great that no provision could be made to accumulate a fund that would at all handle the situation. Does the Senator from Minnesota remember the point made by the Senator from Montana the other day in presenting those figures?

Mr. NELSON. I remember it.

Mr. BEVERIDGE. The question I ask, and I ask it, as the Senator knows, with entire sympathy with his purpose, is, By what means can a sufficient fund be accumulated to meet the immense liabilities that are caused by the failure of these banks? The Senator from Montana, if his figures were correct the other day, by his figures showed that this tax, which was designed to gather in this security fund, was totally inadequate. That is the question I wish to hear the Senator upon when he gets to it. I do not want to interrupt the thread of his argument.

Mr. NELSON. Of course, taking the record as disclosed by the Comptroller of the Currency in his last annual report, and I think in preceding reports, if I recall the figures correctly, for all of the banks that have failed and suspended, become insolvent since the system was organized up to within two years ago, I think, the average amount of losses on the total amount of deposits in those banks was equal to five-hundredths of 1 per cent. Of course if you stop panics there will be little drain on this fund. Taking the circulation that we had about a month ago, which, if I remember aright, was \$690,000,000—

Mr. BEVERIDGE. The Senator will excuse me right here. If you stop panics there will be no need for the fund, or not very much, at least.

Mr. NELSON. That is the object of the fund.

Mr. BEVERIDGE. And this fund is designed to afford security to depositors in just exactly the emergency of a panic, is it not?

Mr. NELSON. The object of this fund is to stop panics. The circulation of the national banks about a month ago—I do not know what it is to-day—I think was \$690,000,000, and upon that basis the total amount of the taxes that would come in under this bill—and this bill does not change the law in respect to that matter—on a circulation of \$690,000,000 would be \$3,540,000 a year. There is a tax of a half per cent on circulation issued under the 2 per cent bonds and a tax of 1 per cent on bonds of the higher grade. The total amount that would come in outside of the tax on this emergency currency would be \$3,540,000 a year. One-half of this amount would be \$1,770,000.

In the first instance, my amendment provided that the fund should not exceed \$10,000,000. This makes the fund \$20,000,000. In the amendment as I have offered it to-day I have changed the amount from one-third to one-half of the tax. I would apply in this respect the same argument that the Senator from Rhode Island has applied to the emergency currency when, if I remember correctly, he stated that the effect of this emergency currency would be that the mere knowledge of the fact that there was authority to issue such currency would tend to stop a panic. I would say the same about this matter of protecting depositors. The mere fact that there is a fund in the

Treasury for their protection will tend to allay distrust and to restore confidence and leave the money in the banks. The banks showed to what extremes they could resort in the recent panic.

The big banks suspended payment pretty much all over the country, leading to the suspension of the smaller banks in some instances. That is one way of stopping a panic, but it is a very lawless way. To my mind the honest way, the legitimate way, is to remove all causes for distrust among the people. If you protect the depositors of banks and they are as confident about their deposits as they are about their bills, there will be no occasion for runs upon our banks. People will take out only what money they need for their current use.

Since I first introduced my amendment and made some remarks, a while ago, I have received a great many letters, not only from farmers and business men throughout the Northwest, but I have received a great many letters from national banks of the smaller class. Of course the great argument of the big banks is that "You put us on a level with the little banks; you make them stand before the depositors with as good credit as we do, and that is not fair. We want the deposits, and we want these little banks to shift for themselves." But it ought not to lie in the mouths of the big banks to take that stand, because the big banks that are now claiming that they are so good that it will be unjust to discriminate against them were in the recent panic the most lawless of all banks. They suspended payment and began to hoard money.

Of the many letters I have received on this subject, I ask the Secretary to read a letter that I received from the president of a national bank in Wisconsin—the McCartney National Bank, of Green Bay, Wis.; capital, \$100,000; surplus, \$50,000. I think there is a good deal of sense in the letter, and I ask to have it read.

The VICE-PRESIDENT. In the absence of objection, the Secretary will read as requested.

The Secretary read as follows:

THE MCCARTNEY NATIONAL BANK,
Green Bay, Wis., March 9, 1908.

HON. KNUTE NELSON,
United States Senate, Washington, D. C.

MY DEAR SIR: In the public press I have seen references made to a currency bill submitted by you to the present Congress. This subject-matter seems to be of paramount interest to the whole country at present. There seems to be no other issue that so directly and effectually reaches to the foundation of all the interests of this country, both as regards the present and the future stability and uniformity of our business. As a matter of course, all business men of this country are giving considerable thought to the different measures proposed for correction of the deficiency existing in our present money system, and to my mind I can not see any measure that would give such quick and lasting results as the guaranty to depositors by the United States Government of the payment of all deposits made in national banks. Such a measure, in itself, is a natural remedy for all panics and financial difficulties.

If all deposits in national banks were guaranteed by the Government, enough money would be restored to general circulation that is now hoarded and hid away to make sufficient currency for all legitimate business requirements, and I feel sure this would equal an amount much greater than the limit reached by the Aldrich bill and be far more effectual.

Under our present system the business of the country is very unstable and often finds itself in a precarious condition. As has been proved in the past, it does not take very much cause to alarm the depositors, resulting in runs on the banks. The banks' only relief in such emergencies is to call, at least in part, loans made to manufacturers and other business interests, often resulting in disaster to such men and their business interests, obliging them to curtail their business and raise money to pay loans at a time when money is almost impossible to get, and which they should not be called upon to do if they were perfectly good financially under ordinary conditions. The cause for the calling of such loans would be entirely removed if the Government guaranteed all deposits in the national banks. As then, to begin with, no depositor would feel timid, and they would not want their money if they knew it was perfectly safe and guaranteed by the United States Government. Again, the banks would not be obliged to call on their customers at the very time when they most need financial assistance, so that in many ways it would insure a business stability such as we have never enjoyed under the present banking system.

All the expense connected with any such guaranty and the losses occasioned by any national bank becoming insolvent could be entirely covered by a general assessment on all national banks, creating a sinking fund abundantly ample to take care of all expenses and losses based upon the statistics of all national banks doing business since they were first organized up to the present time, and I know the banks as a rule would be very glad to pay such an assessment, for it would be very insignificant as compared to the advantages gained for the banks.

I am aware that some bankers doing business in the large money centers of this country claim that the guaranty by the Government of deposits in all national banks would lead to reckless banking. I do not think that their position is well taken. I grant that their condition is a little different from those generally termed country banks, in this respect—that in most country banks the officers and directors own most of the stock and therefore have a personal reason for protecting the best interests of the bank, while in the case of a great many large city banks they are operated largely by professional bankers, the operating of these banks having become a profession, and the parties managing these banks very often do not hold any large amount of stock.

The danger to the depositors that has existed in the past and will exist in the future, it seems to me, is all the more reason why there should be protection afforded the helpless depositor who has invested his small savings.

The Federal law is such now that it is mighty poor business for any officer of a bank to do a crooked business. They generally get caught and are severely punished; besides, additional safeguards could be put in effect, giving additional protection to national banks. For instance, under our present system a national bank examiner comes around to examine each national bank twice a year; he takes a careful account of all their assets, including cash and bills receivable, also their deposits and other items; he finds these to be correct, but can not say as to whether all the signatures to the bills receivable are bona fide nor as to the financial standing of the makers of these papers. If the inspection force was doubled, charging the cost of same to the banks, the inspectors would then have time to verify, to a large extent at least, the value of all the bills receivable of any considerable amount. This, it seems to me, would double the safeguards over the system as now applied to national banks, as most of our bank failures are due to this lack of supervision of the bills receivable.

Again, what is known as country banks, which comprise, I believe, a large part of the banking interests of this country and take care of the greater part of the business interests of this country and who are therefore entitled to be heard, are practically never consulted when Congress is looking for information or advice. They simply go to a few of the bankers in the large cities and advise with them.

It seems strange, looking back over the past, that the subject of the expansion of our currency system has not received more attention, as it undoubtedly has had much to do with every panic this country has passed through. It was not until our recent flurry of last fall that we fully realized that our present currency system was largely to blame for our panics. We had good crops, with good prices; we had all our people working and getting good wages, and no large surplus or overstock in any manufacturing line. When we realize that through our present system several billion dollars are locked up in the National Treasury and national banks throughout the country, no part of which is available for business purposes, it is no wonder we are short of money to do the country's business, which business is constantly increasing and expanding every year.

I would like to say more, but do not want to burden you with an already too long letter. Thanking you for your personal and official interest in a bill calculated to give a greater stability to all our business interest, I am,

Very truly, yours,

WM. LARSEN.

Mr. McCUMBER. Inasmuch as I am informed that the bankers' association of my State have resolved in favor of a measure having for its purpose the guaranteeing of depositors, but of a different character, and that measure, which is known as the Gronna bill in the House, I have introduced as an amendment to this bill in the Senate. It differs somewhat from the amendment of the Senator from Minnesota, and I should like to have the Senator from Minnesota, if he will do so, explain in detail as to what extent the individual depositors would be protected by the particular fund which he says would be the fund that would stand for their protection.

Mr. NELSON. Mr. President, of course the amendment does not go into details. The method of procedure will have to be prescribed by the Secretary of the Treasury. I presume that when a national bank fails and is put into the hands of a receiver the usual course will be taken; that is, the depositors of the bank will have to present their claims to the receiver, and they will have to be passed upon by him. After the claims have been passed upon and determined, then the Secretary of the Treasury can proceed to pay them. This simply provides the fund, but the machinery, the method of procedure, will be prescribed by the Secretary of the Treasury.

Mr. McCUMBER. Out of the fund as now provided by law?

Mr. NELSON. Out of this depositors' fund.

Mr. McCUMBER. Will the Senator please explain, so as to have it upon the record, what he understands by the depositors' fund?

Mr. NELSON. The Senator perhaps was not in when I explained it.

Mr. McCUMBER. No; I was not.

Mr. NELSON. I shall, therefore, have to repeat it. It proposes to set aside one-half of all the taxes that the national banks are required to pay under existing law on the ordinary currency and also on the emergency currency. It sets aside one-half of it and allows the fund to accumulate up to \$20,000,000 to pay them out of that fund.

Mr. McCUMBER. Just to get the information, will the Senator state the purpose for which the tax is now levied?

Mr. NELSON. I presume the justification for the tax upon the national banks is for the privilege of doing business as national banks. We make these banks pay that tax for the privilege of doing that business, just in the same way that we make the brewers and the manufacturers of distilled spirits and wholesale and retail dealers in liquor pay a tax; that is, we charge them that much for the privilege of carrying on the business of a bank of issue and a bank of commerce.

Mr. McCUMBER. And this tax, if I may interrupt the Senator, is covered into the Treasury?

Mr. NELSON. This tax goes into the Treasury.

Mr. McCUMBER. And is not utilized for any specific purpose?

Mr. NELSON. At present not. It goes into the general fund of the Treasury. The amendment proposes to set aside one-half of it as a special fund to be devoted to that purpose.

Mr. McCUMBER. What would be the amount that would be realized from one-half of the fund yearly?

Mr. NELSON. I have figured it out here. When I prepared the data for the remarks that I made some time ago I took the circulation that was then outstanding. I think it is a little less now. Some of it has been withdrawn since that time; I do not remember just how much. At that time the circulation outstanding was \$690,000,000, and of that amount \$672,000,000 were based on the 2 per cent Panama and other 2 per cent bonds. The tax on the circulation based on those bonds is one-half of 1 per cent a year. The tax on circulation, based on bonds of a higher interest-bearing quality, is 1 per cent a year. Upon that basis the total amount of the tax the banks pay would be \$3,540,000 a year.

That does not take into account the emergency currency. In case emergency currency should be issued it would be 6 per cent a year upon the \$500,000,000 that would be added. These figures are based upon the present system of circulation that we have. The emergency currency, if issued, will add a great deal to the fund.

One-half of this amount—that is, of the \$3,540,000—would be \$1,770,000 a year, and the fund is to be allowed to accumulate until it reaches the sum of \$20,000,000. Every time a bank goes into insolvency the depositors are paid out of this fund. The Federal Government is subrogated; it steps into the shoes of the depositors who are thus paid and gets whatever it can get out of the assets of the bank, and that goes into this fund.

So, if in any case a national bank fails or suspends and there are depositors to pay, the Government in the first instance pays those depositors. Then the Government steps into the shoes of the depositors, and out of the assets of the bank realizes the dividends or whatever might be coming to the depositors, and the money that is thus realized by the Government goes back into the fund to increase it.

I do not know that there is anything more I have to say. I have gone into this question before and I am unwilling to take up the time of the Senate in needless discussion.

Mr. McCUMBER. Mr. President, I send to the desk the amendment which I have offered to the pending bill, and I ask that it may be read for information.

The VICE-PRESIDENT. The amendment will be read.

The SECRETARY. It is proposed to add at the end of section 4:

That each and every national bank created, organized, and existing under and by virtue of the banking laws of the United States shall annually pay to the Comptroller of the Currency a charge of one-fiftieth of 1 per cent of the average annual amount of its deposits, for the purpose of creating a special fund to be held by the Treasurer of the United States and to be used and paid out by the Comptroller of the Currency for the purposes and as hereinafter specified and set forth in this act: *Provided*, That whenever, in the judgment of the Comptroller of the Currency, the said fund shall be sufficient to answer the purposes herein provided for he shall, upon reasonable notice to each of said banks, suspend the further payment of said charge.

That immediately upon the passage of this act the Comptroller of the Currency shall notify all national banks existing and doing business under the banking laws of the United States of this act, with notice that they shall within thirty days therefrom pay to the Comptroller of the Currency the amount of one-fiftieth of 1 per cent of their average annual deposits, as determined from the five reports made to the Comptroller of the Currency for the previous year. That if the officers of any national bank willfully neglect or refuse to comply with any or all of the provisions of this act, such failure or refusal shall be deemed a sufficient cause for the forfeiture of the charter of such bank, and it shall be the duty of the Comptroller of the Currency to cause proceedings to be instituted for such forfeiture.

That when any national bank, as mentioned in this act, shall hereafter have become insolvent, and after full liquidation and settlement its depositors shall not have been paid in full, the amount found to be due each and every depositor after such liquidation and settlement shall be paid by the Comptroller out of the fund created under and by virtue of this act.

Mr. McCUMBER. Mr. President, this amendment differs from the amendment offered by the Senator from Minnesota [Mr. NELSON] in effect only in creating a special fund that shall be utilized for this purpose. The fund out of which the Senator from Minnesota desires to pay the depositors is a fund already provided by law, or at least it is a taxation already provided by law and is a part of the income of the Government itself. This provides for a charge. I will not call it a tax, because it is for the purpose of regulation rather than for the purpose of an income. It provides for a charge of one-fiftieth of 1 per cent of the average amount of deposits in all the banks during any one year, or so much thereof as may be necessary to meet the demands for losses by depositors.

Under the provisions of this amendment, if a bank went into insolvency, before the fund would be drawn upon in any way the assets of the bank would be exhausted and payments made as they are made to-day. If there was then any deficiency, the amount necessary to pay that deficiency to cover the losses of the depositors would be paid out of this special fund.

I am willing to support this provision, or I am willing to support the one that has been proposed by the Senator from Min-

nesota. The objections that would be laid against the one would be equally forcible against the other. So I do not know that I care about taking a separate vote upon this proposition as contradistinguished from that of the amendment offered by the Senator from Minnesota.

This matter has already been discussed at considerable length, and I can only add a word or two to what has already been said. The losses annually, as I showed in a previous discussion on this subject, through bank failures from 1865 to 1903, when we, perhaps, had more panics and greater losses than we will ever have again in the history of the country, averaged about \$851,000 per year. Taking the amount of annual deposits during those years, an average of one-sixtieth of 1 per cent would have paid all the losses of the depositors.

Mr. President, every Senator understands that to be a mere bagatelle and scarcely to be taken into consideration in the conduct of the banking business of the United States. The slight payment of this sum, which would never be felt by the banks themselves, would insure the country against any possible run, in my candid judgment, upon the banks, and instead of a requirement of one-fiftieth or one-sixtieth of 1 per cent I do not believe that it would require a charge or taxation that would be one-hundredth of 1 per cent. So the very fact of the knowledge of the depositor that he would ultimately be protected in his deposit would be such, in my judgment, as to prevent any run upon the bank.

Mr. HOPKINS. Mr. President—

The VICE-PRESIDENT. Does the Senator from North Dakota yield to the Senator from Illinois?

Mr. McCUMBER. With pleasure.

Mr. HOPKINS. The Senator was speaking about a depositor placing his money in the bank. The statistics show that the amount of deposits in various national and State banks aggregate twelve billion nine hundred and thirty-three million and some odd hundred thousand dollars.

We have, as a matter of fact, only about three billion of money in this country, taking all of the money that there is. So these figures show that there are more than \$900,000,000 of credit represented in bank deposits. Now, does the Senator say that these credits should be guaranteed as well as money that is actually put in the bank?

Mr. McCUMBER. Mr. President, the credits, of course, are equivalent to deposits. They amount to deposits. We can not separate what the Senator calls credits from deposits. The bank books will show a credit or a deposit of about four times the amount of money there is in the United States. We can not separate the credits from the deposits. I intend to guarantee all of them. Any bill that will guarantee deposits must necessarily guarantee the checks or credits or whatever are accepted as deposits which represent money and which are a demand for money. So there can be no question about that.

But what does that argue? Does it mean that we are endangered in any way because of the excessive amount of these deposits over and above the amount of money in the United States to pay them? Mr. President, if every depositor to-day would call for his money in the banks there would not be enough money in the whole United States to pay one-fourth of the amount of the deposits. Every bank would be broken. But we all understand that business is not done on that line. We all understand that in a country with eighty or ninety million inhabitants there is not going to be a run upon every bank in the United States at the same time. In my opinion, as I have stated, and it has been supplemented and strengthened by the opinion of the Senator from Minnesota, whenever the depositors comprehend the facts that their deposits will be ultimately paid, such a law as that would in effect operate to stop all runs upon banks. I do not say that it would be impossible not to have a run, but I believe, as a rule, that we could say, except in very grave cases, there would be no runs upon the banks.

Mr. OVERMAN. Mr. President—

The VICE-PRESIDENT. Does the Senator from North Dakota yield to the Senator from North Carolina?

Mr. McCUMBER. I yield to the Senator.

Mr. OVERMAN. Let me ask the Senator what would be the effect upon State banks if this bill should become a law? Would not every State bank necessarily become a national bank? It was stated on the floor by the Senator from Oklahoma [Mr. OWEN] that under a separate State law in his State all the national banks practically became State banks.

Mr. McCUMBER. I stated, in discussing this matter before, that it would either force the States to pass a law for the guarantee of deposits in the State banks or else it would force the State banks to nationalize.

Mr. OWEN rose.

Mr. McCUMBER. I think it would be beneficial if it would force every State bank to nationalize, so that we would have but one character of banks in the United States outside of savings banks.

The VICE-PRESIDENT. Does the Senator from North Dakota yield to the Senator from Oklahoma?

Mr. McCUMBER. With pleasure.

Mr. OWEN. I simply want to correct a misapprehension on the part of the Senator from North Carolina that I had suggested that all the national banks had become State banks. That is only true in certain special cases, where the competition was severe and where the State bank across the street could say that its depositors were guaranteed, while the national bank, which was its rival, could not make that assertion. In some cases it frightened the small national banker and he gave up his charter and it became a State bank.

Mr. McCUMBER. Mr. President, I am aware that the Senate of the United States is an exceedingly conservative body. It moves very slowly. It is very careful about taking any very great advanced steps. All its steps are very short and looking only a short way ahead.

But, Mr. President, since I have been here I have known bills to come before the Senate which could not receive the consideration at all of more than two or three Senators. I have seen them agitated year in and year out for three or four years, when there were not more than two or three Senators voting against them, where they represented a great national step, and in every instance where I have noted these changes I have not noted any very bad results. I can give as an example the pure-food law, which could not for a period of nearly five years get before the Senate even to be heard or to be amended or voted on, and I saw finally, when it was voted upon, there were, as I believe, only three Senators in the entire body who voted against it. I could cite other cases of that kind.

Mr. President, we are drifting toward this great end of protecting the depositors—

Mr. HOPKINS rose.

Mr. McCUMBER. Just one second—of protecting them against losses. We have a recommendation already before the Senate providing for deposits in our post-offices and then compelling the Government to loan the funds in order to protect the depositors and keep the money in circulation. It is said to us that especially the foreign laborers who come here and desire to put their money in the banks are afraid of the banks, that they will carry it around with them, and that if we will pass a law whereby they can deposit their money in post-offices, receive credit for it, and draw interest at the rate of 2 per cent, then we shall keep all the money in circulation.

I confess that I am not converted to that doctrine, though I may be, provided the proposition is carefully guarded and limited. I do not believe that the Government of the United States should make of itself a loaning agency to loan the money of the people out and then to pay them interest, which is the operation practically of this new suggestion. Yet the people are agitating that subject; we are drifting in that direction; and I shall not be surprised if within the next two or three or four years we shall have a bill of that kind before Congress and vote on it favorably, and thus protect the people in their deposits.

I think this is a much more simple and a really better method of keeping the money in circulation, protecting the people in their deposits, and giving them confidence that the banks will protect them and that the Government will protect the banks.

Mr. President, the only objection I have heard against this system that seems to me worthy of serious consideration is the objection that it is placing a premium upon the carelessness of certain banks; that the good banks that will look to their own character of doing business and to the reputation which they have honestly earned to secure for them depositors will fare no better than other banks. I admit that there is something in that proposition; but, Mr. President, if we should have a banking law of this kind, the result would be that every bank in the community would watch carefully every other bank and compel it to do business just as carefully as it does.

It would call the attention of the bank examiner to any laches on the part of the smaller banks or the inferior banks in conducting their business or in their failure to comply with the national banking law. That being the case, and we seeking by every possible effort to keep the money of the country in circulation, if we will take this simple device, we shall have accomplished something that will render absolutely nugatory and unnecessary all the balance of this bill, because it will reach the very subject that this bill is intended to reach, and that is to allay the fear on the part of the depositor that he will not be

able to get his money out of the bank. When you have allayed that fear, then you will not be under the necessity of adopting a system which in its nature every man must admit to be more or less injurious to the credit of the country—an emergency currency that shall expand and dilute and make worthless every dollar in the United States for a given length of time, and which we are compelled to admit will invite the very thing that has brought about, to a great extent at least, the serious difficulties which we were in during the last few months, and that is speculation.

If the people of the United States with speculative tendencies understand that when they carry those tendencies to the extreme limit of the exhaustion of the money of the country they can immediately expand the currency another \$500,000,000, what have we got to guarantee us that the same speculative spirit will not lead them to an extent that will exhaust the other extra \$500,000,000?

If we could guarantee, I repeat, that every man who places his money in a national bank would receive it again, dollar for dollar, we should never meet, in my candid opinion, the exigency against which the Aldrich bill is directed.

I am in favor of the Aldrich bill because I believe that the country is demanding it and because I believe, if we do not change our system, we shall be liable to reach a condition in which it will be seriously demanded again of the Government that it protect the people. That is the only reason in the world why I could give it support. But I hope, Mr. President, that we shall sooner or later reach the conclusion that we had far better guarantee the depositors directly than to guarantee them indirectly by receiving their money into the post-offices, then loaning it to the banks again, and charging interest to the banks, we collecting that interest and paying it over to the people.

Mr. PILES. Mr. President, I had not intended to make any remarks on this amendment, as I felt that the Senator from Minnesota [Mr. NELSON] had fully covered the case, but that Senator prefers that I make a statement of my position on this proposed amendment, and I shall therefore detain the Senate but a few moments.

There seems to be an impression in the minds of some that this amendment partakes of governmental paternalism, and for that reason they oppose the amendment. If I thought for a moment, Mr. President—

Mr. ALDRICH. Mr. President—

The VICE-PRESIDENT. Does the Senator from Washington yield to the Senator from Rhode Island?

Mr. PILES. Certainly.

Mr. ALDRICH. I hope that before the Senator gets through with his discourse, as he is a practical man, he will tell us what the practical effect of this amendment would have been if it had been in operation for the last three months.

Mr. PILES. Well, I may not be able to do that, Mr. President, because we had no fund to operate upon during the last three months; but I was going to say if I felt that this amendment smacked of governmental paternalism I should oppose it, because I do not believe there is any man in this Chamber who believes more thoroughly in individualism than I do. I believe that every man should be made to fight his own way in the world, and if I believed that the Government was going to step behind an individual depositor for the mere purpose of protecting him I should not for a moment support this amendment.

Mr. ALDRICH. Will the Senator from Washington allow me to make a suggestion to him?

The VICE-PRESIDENT. Does the Senator from Washington yield to the Senator from Rhode Island?

Mr. PILES. Certainly.

Mr. ALDRICH. I will state what I understand would have been the practical operation of this amendment if it had been in effect for the past three months, and I shall be glad to have the Senator from Washington state wherein I am in error, if I am in error.

The amendment provides for a fund which, according to the Senator from Minnesota [Mr. NELSON], would amount to \$1,700,000. It directs the Secretary of the Treasury to pay the depositors of failed banks the amount of their deposits. If it had been in effect during the last three months, the Secretary of the Treasury would have had a fund of \$1,700,000 with which to pay \$33,000,000 to depositors of failed banks. It would take twenty years at least for a fund to have even accumulated sufficient to have paid the deposits of those banks, to say nothing about those banks that might fail at a later date. I should be glad to know in what way the deficiency would be provided for.

Mr. PILES. Mr. President, there are two ways of looking at the proposition. I see the Senator from Rhode Island does not agree with my view at all.

In the first place, if we had had this fund, in my judgment, we would not have had the October panic, because there was no sound reason for that panic. One reason why I am supporting the Senators' bill is because I believe if the people of this country who have money in banks understand that when they make a run upon a bank, that that bank may meet that run by an issue of emergency currency, that in itself will have a very strong tendency toward suppressing panics in this country and runs on banks.

Believing that panics should be stopped and that it is the duty of the Government, so far as it can in the exercise of its lawmaking powers to do all it can lawfully do to prevent panics, I believe that if this fund shall be created the people who put their money in banks will not make runs on the banks, except in very rare cases.

We want to keep all the money we have in the country in circulation. Just the moment that a panic is whispered throughout any section of the country, some one immediately commences to draw his money out of the bank, and when one commences another follows, and so in a little while runs are made upon the banks, and in the end the whole country is thrown into a panic.

Mr. President, the amendment proposed by the Senator from Minnesota is not a guaranty upon the part of the Government to pay the money deposited by an individual depositor in a bank. To my mind, this Government made a great mistake when it enacted the national banking law by not then providing that the banks should pay a tax upon their circulating notes, as they now do, and that the money derived therefrom should be set aside as a fund to protect depositors in the national banks. National banks are, in a sense, agencies of the Government. The Government guarantees the payment of every dollar that the banks put in circulation, and it takes security from the banks for the purpose of protecting itself on the guaranty which it makes to the note holder. If the Government had required the banks to pay a tax for the purpose set forth in the Senator's amendment when the banking system was first started, no one would have ever thought about the question of paternalism in connection with the precaution thereby taken by the Government for the protection of bank depositors.

But, Mr. President, it was said that this amendment is solely for the purpose of protecting the bank depositors. I think this a mistaken view. The amendment, as I view it, is for the protection of all the people. There are hundreds of thousands of people in this country who never deposit a dollar in a national bank who are vitally interested in the success of those who have their money deposited in such banks. Numerous industrial establishments have on various occasions been compelled to shut down and throw thousands of men out of employment by reason of bank failures. The loss, for instance, of a great manufacturer of his money in a bank failure does not affect him alone; it affects the thousands in his employ, and through them frequently a whole community, reaching, as it often does, into more than one State in the Union.

But I do not care to take up the time of the Senate at the present in further discussing this amendment. I believe the day is coming when the people of the country will realize that panics may be largely averted by taking such steps as will prevent bank failures, and that the amendment proposed by the Senator from Minnesota is cast upon correct lines.

Mr. OWEN. Mr. President, there are two ways to prevent damage by fire. One is to have an abundant water supply after a building capable of combustion is on fire, and the other way is to have the building itself fireproof. The real cause of a panic is the withdrawal of money by the depositor for hoarding. That is the real cause of a panic. The preliminary which leads to that fear I do not care to debate if the fear itself can be thoroughly removed by an adequate plan.

I call the attention of the Senate to the fact that there is no novelty in the principle of insurance for depositors, even in our own country. The principle has already been written into our laws. There are already in our laws two great bulwarks for the protection of depositors. The first protection is the money of the banker invested, which must stand the first strain of loss before the depositor will suffer. There is a second bulwark to protect the depositor, and that is the double liability of the stockholder, which amounts in this banking system of ours to \$800,000,000. It is abundant, with the exception of about \$85,000 of average annual loss during the last nine years.

The statistics show, as given in the report of the Comptroller of the Currency sent to the Senate, that the losses to depositors during the last nine years have only been \$85,000 a year, and only about \$700,000 a year since the foundation of this system. Therefore the fund of \$1,750,000 a year proposed by the amendment of the Senator from Minnesota is nearly three times as much as the losses during the life of the system and is thirty-odd times as much as the loss during the last nine years.

Mr. BEVERIDGE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Indiana?

Mr. OWEN. Certainly.

Mr. BEVERIDGE. The Senator is answering the question that I put to the Senator from Minnesota. The purpose of this fund, as I understand, is that the depositors shall be immediately paid. The double liability of stockholders which the Senator speaks of and the assets of the bank, which are liable to the depositors, can be realized upon only after a considerable time. So the fund provided for by the amendment and that liability do not dovetail into each other. I understood the purpose of the creation of this fund was to meet the immediate demands of depositors, otherwise the Senator's explanation would be perfect. The fund would be adequate, but in view of the fact that the liability can not be realized on for a long time, and the depositors want their money right now, and the purpose of this fund being to pay it right now, the fund would not, to my mind, seem to be adequate. That is the only objection that I can see to this amendment.

Mr. OWEN. I will endeavor to satisfy the Senator from Indiana, and will call his attention to the fact that if such a provision had been in operation since the last panic we would have had nearly \$30,000,000 on hand, or certainly a very large amount—I have not the precise figures before me—but it would be over \$20,000,000, I take it. But the important point is that this fund would not be required except in the case of insolvencies brought about by the fear of the depositor, and when you remove the fear of the depositor he does not start runs upon the banks. Since this fund is accumulative and since, even in our country, where we have had no protection against panics, these periodic disturbances have not exceeded one in ten or twelve years, the accumulative effect of this would be that before another panic would take place, under normal conditions, there would be an accumulation sufficient to abundantly meet its demands. The proviso which I suggested proposed to use all of the funds paid in on account of the tax on circulation, which amounts to \$3,000,000 a year, because it is better to have an abundant fund than to have one about which there could be the slightest question; and since that matter, if it is open to doubt, can be readily corrected by using a larger part of this fund for circulation, the Senator's amendment could be corrected by using all of that fund. In that way there would be provided a fund sufficient to absolutely protect the depositor against fear. When that shall have been done, we have a fire-proof building.

Emergency currency is to remedy the matter after the panic occurs; and inasmuch as the remedy will be availing after the panic occurs, it has also a preventive force, because when men know that they can get currency under certain conditions they will not be afraid of not getting currency. Both the emergency circulation and the insurance of deposits act in the same way, to prevent the fear of the people, which, after all, is the soul of a panic.

The Senator from Rhode Island asks what would have been the effect of such a provision if it had been in force during the last three months. I say that if this provision had been on our statute books, and if the bill which the Senator from Rhode Island has brought in had been on our statute books, there would have been no panic last October. The real cause of the panic was the withdrawal for hoarding. That amounted, not to \$200,000,000, not to \$400,000,000, but it amounted to a much larger sum, which was not made good even by the \$220,000,000 deposited by the Government from the Treasury, but required clearing-house certificates from one end of this country to the other, the total amount of which, as I have shown here, being over a thousand millions of artificial money put into use in this country during the last panic.

I call your attention to another very important thing. When you give security to the depositor he will then take out of hoarding a large volume of currency which now is locked up and is not available to our commerce. There are hundreds and thousands of people who do not propose to trust their little earnings, as the Senator from Minnesota did his \$500, to any bank whatever. They keep it at home locked up in their trunks, locked up in strong boxes; but if we were to provide this security for the depositor, we would then have withdrawn from hoarding a vast volume of money. I think it would amount to five or six hundred million dollars, which would be added to the funds of this country available for our commerce, and we would get over the paralysis which has fallen upon our business. Men would again feel the sense of security that it is necessary for a man to feel before he will invest his money in any enterprise whatever. The trouble with men in these enterprises is that they fear the unexpected constriction of credit

that will ruin any business man in any enterprise if it comes upon him unexpectedly. Take the great enterprise of Westinghouse, built upon a magnificent foundation, about which no question could arise. And yet the constriction of credit coming suddenly upon that enterprise, which is a great creditor and a great debtor as well, and since in our country every man who is in business is both a debtor and a creditor—

Mr. SMITH of Michigan. I should like to suggest to the Senator from Oklahoma that possibly it might have been the unwise expansion of credit of the concern he has just mentioned instead of the contraction of credit that brought it to the situation which he describes.

Mr. OWEN. They were not in any trouble until the hoarding of money began, and when that hoarding took place and the panic was on, then their expansion of credit, both the credits they extended and the credits they had previously received, caused them to suffer, because they then could not collect from their debtors and their creditors pressed them severely for settlement.

Mr. SMITH of Michigan. Yes; but if the Senator will permit me, the fact is that just such concerns as the Senator from Oklahoma has referred to put their notes upon every banking counter. I doubt not in the Senator's bank in Oklahoma the notes of this concern were offered. They got beyond their capital. They tested their credit to the limit and were caught in the gale with all their sails out. While they will undoubtedly recover, it is possibly the fault of our system that the expansion was so general.

Mr. OWEN. I will agree with the suggestion of the Senator from Michigan that any man who extends his credit beyond a sound basis will necessarily reach his personal liquidation. That will follow as the law of gravity. But it will not do to say that the enterprises in this country, from the Atlantic to the Pacific, were on an unsound basis. They were moving along with perfect serenity and without any disturbance whatever until this sudden hoarding of deposits took place, the employment of lock boxes all over the country began, and the panic was on. Then, of course, they suffered.

Mr. KNOX. Mr. President—

The VICE-PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Pennsylvania?

Mr. OWEN. With pleasure.

Mr. KNOX. There having been a reference made by the Senator from Oklahoma to the Westinghouse concern, I should like to say to him, because I think I know what I am speaking about, that those institutions were not upon an unsound basis; that their credits were not improperly expanded. The difficulty simply was that they were doing more business than they had capital to do. There were such enormous demands for their output, even at profitable prices, that they could not expand their operations to meet them without more capital.

My own judgment is—I state it with some hesitation, because you are talking about a very large subject when you talk about the cause of the panic—that the fundamental cause of the last panic was that this country was doing more business than it had either men, means, or machinery to conduct; and some one's particular want of capital, as, for instance, the Westinghouse concern, brought us to a sudden realization of that fact, and an inspection of the situation developed that it was general, and that was the reason of the panic.

Mr. OWEN. Until the lock boxes became popular there was no affliction in this country in the way of lack of capital; but when the hoarding went to the extent of four or five or six hundred millions and the money went out of sight, and what is more important—and I call the attention of the Senator to it—when that fear swept over the country, it resulted in the constriction of an ephemeral currency which we have in this country amounting to about three thousand millions—checks and drafts. If you will examine the reports of the Comptroller of the Currency for 1884 and 1893, you will find that the exchanges diminished one-half. Those checks and drafts in normal times serve the purpose; and with that shrinkage and with this hoarding of money by the frightened depositors they did indeed need the capital and lacked the capital necessary to carry on a safe and stable business.

Now, I want to call attention to one other item with regard to this matter, and that is the statement that this would give a premium on bad banking. By bad banking is meant either wasteful, extravagant, or dishonest banking. Criminal banking is controlled by a criminal code. Extravagant banking is controlled by the interests of the banker who has his fortune invested in the bank and which must suffer loss before the depositor suffers. Therefore that argument is one which goes at right angles to self-interest, which after all is the great control of business men.

It has been suggested that perhaps individualism would be destroyed by insuring these deposits, but I call attention to the fact that the individual banker goes into the banking business and invests his money in the banking business for the purpose of making money, for the purpose of protecting his family and taking care of his fortune. He is not going to be neglectful of his own welfare and of his own interest simply because he is taxed perhaps a little more to secure his depositors. He will be guided by the same rules of enlightened self-interest that guide the banker now. It will make no substantial difference whatever.

I hope the Senate will find upon examination that either the amendment of the Senator from North Dakota or the amendment of the Senator from Minnesota would be a wise addition to this bill.

Mr. McCUMBER. Before the Senator from Oklahoma takes his seat I want to ask a question. It may be answered either by the Senator, who has given the question a great deal of thought and consideration, or by the Senator from Minnesota, who is, I believe, a member of the Finance Committee.

Mr. NELSON. No.

Mr. McCUMBER. I understood that he was. But in either event they possibly can answer the question.

Under the amendment offered by the Senator from Minnesota the tax is levied upon circulation. That is, the fund out of which these payments are to be made is a fund raised by a levy upon the circulation of the banks. Now, one bank may issue a circulation of a hundred thousand dollars and may have deposits of \$5,000,000. Another bank may issue a circulation of \$100,000 and have deposits of \$50,000,000, or ten times the amount. I candidly put the proposition to both of those Senators: Why would it not be more equitable and just, if we are to create a fund for this purpose, to base that fund upon the average annual deposits rather than upon the circulation? The bank then which receives the greater amount of deposits and incurs thereby the greater amount of liability to its depositors would also pay the greater amount into the fund, in accordance with its deposits. It would seem to me that that is the proper way.

Mr. NELSON. Mr. President—

The VICE-PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Minnesota?

Mr. NELSON. For just a minute.

Mr. OWEN. I do.

Mr. NELSON. There was a time in the early history of national banks when they were required to pay a tax on deposits. I do not recall now how many years ago that law was repealed, but there was such a law. However, the banks were finally relieved of that burden.

Mr. McCUMBER. That does not answer the question. We are creating a burden for a specific purpose. The burden must be borne by the banks under the present law. The fund that arises must be a charge upon the banks. The bank to be benefited will be benefited to the extent of its deposits, and if it is benefited to the extent of its deposits, then why should not the charge be made in accordance with its average annual deposits?

Mr. OWEN. Mr. President, I agree with the Senator from North Dakota that it would be more equitable to place the tax upon the deposits. I am perfectly willing to vote for either amendment, but I think the amendment of the Senator from Minnesota has value in that it provides for the accumulation of this fund out of a tax already in active operation. It would not make any new machinery necessary. The total amount of the tax which would be required according to the statistics of the last nine years, excluding the recent panic, would be a matter so small as to be a negligible quantity, and therefore I think the amendment proposed by the Senator from Minnesota, while not quite as equitable as the suggestion of the Senator from North Dakota, would serve the purpose perfectly well and without any harmful effect.

Mr. ALDRICH. Mr. President, there are so many serious and obvious objections to the amendment suggested by the Senator from Minnesota that it does not seem necessary to present any of them to the Senate. This is a proposition to guarantee by the Government of the United States—because that is the practical effect of it—first four thousand two hundred million dollars of liabilities of national banks and possibly thirteen thousand million dollars of deposits of all the banks of the country. It is substantially a proposition to guarantee the deposits and the loans of the men in New York who have been the objects of most of the speeches which have been made upon the other side of the Chamber in objection to the legislation which we now propose.

The failure of one bank in the city of New York with \$160,000,000 of deposits would require the Government of the

United States to pay those depositors who are business men, who are speculators, a sum which would wipe out the capital and the surplus of the banks in eighteen States in the Union. This legislation, if adopted at all, will be primarily for the benefit of the great institutions of the country. The people of the States of the Union are not interested in this question. They are not the depositors. I refer to the common people. The people who deposit in banks and the people who borrow the resources of banks are business men, who can take care of themselves, and there is no reason why we should run mad in this idea of paternalism. If the Government of the United States is to guarantee the contracts of one class of people, why not of all? What is there about the people who borrow money of a bank (because in the last analysis a guaranty of deposits is a guaranty of loans) and what is there about their business which requires this Government to guarantee their transactions? It seems to me that the objections to all this class of legislation are so overwhelming and so obvious that it is not necessary to discuss them at length.

Mr. McCUMBER. Mr. President, I can not let go unchallenged this constant assertion which has been made by the Senator from Rhode Island [Mr. ALDRICH] that a single failure in the city of New York would immediately involve this Government in the payment of \$160,000,000.

Mr. ALDRICH. It makes it responsible.

Mr. McCUMBER. It makes it responsible for four thousand million dollars over the United States, but in all the history of the banking laws of the United States since 1865 we have not run over an average of \$850,000 in a single year from all of the banks, and we can only base our judgment upon the experiences of this country. If during that period there was not an average of over \$850,000—less than a million dollars—in a single year, what basis does the Senator have for assuming that we are liable to pay a hundred and sixty million dollars in a year any more than he has for saying we are liable to pay the four thousand millions in a single year because our obligation is to that extent?

We know generally and can estimate fairly well what the average loss due to the failure of banks will be one year with another. We can get an average loss in the year, and if in the past forty-three years there has been a loss of only about that much a year, what basis have we to assume that it will be increased twenty or thirty or forty times in the next few years and that we will be required to pay a sum which would take all the banking capital of all the States of the Union?

Mr. SMITH of Michigan. I should like to ask the Senator from North Dakota if the risk to depositors is so small, if the liability to loss is so inconsequential, why should we enter a field of so much speculation and doubt?

Mr. McCUMBER. It does not make any difference how small the liability is. The whole object of this legislation is to protect the country against just such conditions as we had during the past few months by securing a proper preventive to those conditions. Here is that preventive: To insure the confidence of depositors, so that all of the money in the United States shall be kept in circulation where it belongs, and when we shall have secured that we shall have met the very contingency against which we are attempting to legislate in this bill.

Mr. SMITH of Michigan. I can not assent to the suggestion of the Senator that that is the whole object of this amendment or its effect. The truth is that this proposes to invade the field of individual initiative and individual enterprise and substitute for the voluntary daily transactions of men the official supervision and direction of every-day business affairs by the Government of the United States. I am not ready to subscribe to the idea that the American people are not competent to conduct their daily transactions with one another without having an officer of the United States present to supervise and direct them.

Mr. McCUMBER. And, Mr. President, every year the Senator votes for an appropriation for a vast army of these men to supervise the very banks of which he is speaking. That is not paternalism?

Mr. SMITH of Michigan. No.

Mr. McCUMBER. We send our examiners year in and year out into every national bank in the United States. We supervise those banks. They are a part of the machinery of the United States. We supervise them not only for the protection of the Government, but for the protection of the people of the United States, so that their interests may be safeguarded, and we tell those banks what they shall do and what they shall not do.

What is the difference between a bank the stock of which is owned by a dozen individuals and a partnership of an equal number of individuals? After all, it is the brains of the men who conduct the business affairs, and the Government says,

"Notwithstanding your abilities, notwithstanding your interest in that bank, we will control your conduct, and you must conduct your business according to the laws of the country, and we protect you according to those laws."

Mr. SMITH of Michigan. I am very glad the Senator from North Dakota has called attention to the present system of national-bank examinations. If that is the best function that the Government can exercise, it is not a good one. For my own part I am entirely out of accord with the system of national-bank examination now in practice and the manner of the payment for these visitations to national banks.

The Senator from North Dakota might improve the system very greatly. If the Government were to pay the examiners who go through the affairs of national banks a reasonably fair salary for the work they do, and if they were made to remain in a bank until they understood fully its operations and condition, the system of examinations would be very much more effective than at present, where examiners attempt to cover too much territory for real effectiveness.

Mr. NELSON. Will the Senator from Michigan allow me to make an inquiry? As to the bank examiners who go around and examine the banks, is it the circulation or is it the loans and discounts they examine into?

Mr. SMITH of Michigan. I do not think they pay any attention at all to the circulation.

Mr. NELSON. It is their other business. Is it not paternalism for the examiners to be prying into that business especially?

Mr. SMITH of Michigan. No; it is not. It is a fair and wise supervision of a semipublic corporation. The banks pay these men. If I had my way about it I would put every national-bank examiner upon a good salary, paid directly by the Government, and I would not have the banks whom he is selected to supervise and investigate pay it at all. The truth is that the national-bank examiners do their work as well as they can under the circumstances, but they do not do their work as thoroughly as they ought to do it, and the Government ought to employ more men and, if necessary, pay them better for the service required in looking through every detail of the national banks of our country.

No; I do not regard such service, as the Senator from Minnesota says, as paternalism. I regard it as a very proper sphere of our activity. We have not gone quite far enough in it.

Mr. NELSON. Let me ask the Senator if, in his opinion, it is not paternalism for us to send examiners to look after the national banks when we do not send them to look after other people's business? Why do we select the banks?

Mr. SMITH of Michigan. Because they are especially chartered by Federal law. They are the creatures of the National Government. They issue the notes, in accordance with our authority. Why should not the examiners go there? There is not a State in the Union that does not supervise its banking laws and the conduct of State banks. Why should not the Federal Government do it as to the national banks? I think we would be very lax indeed if we failed to do it, and we ought to do it more thoroughly, and as the Senator from Massachusetts [Mr. LODGE] very properly says to me, we send agents to examine our post-offices and to examine the accounts of postmasters. No; we are in our proper field, but we have not done our work as well as we ought to do it.

Mr. McCUMBER. Mr. President, answering the Senator from Michigan for a moment, I am glad to note that the Senator does agree with me entirely that it is not paternalism for the Government to look after the affairs of corporations which it creates. There is no disagreement between the Senator and myself as to that not being paternalism, nor is there any disagreement between us as to what should be the manner of examining the banks. But that is foreign to the issue.

While the bank may be, as the Senator suggests, a voluntary association, it can not be incorporated unless the Government says it may be incorporated. The Government passes its laws as to the amount of circulating medium it may issue; it passes its enactments as to the methods by which it shall conduct its business; and in addition to that it controls its business, with what end in view?

With the end in view that it may take deposits and that it may protect those depositors. It compels it to do business on a business basis. It compels it to retain 15 per cent, or whatever per cent it may require, in the vaults of the bank, that the depositors may have greater security; and if that is not paternalism, to compel the banks to make provision for securing the depositors, how can you say it immediately trenches on the field of paternalism if you go a step further and say, "You shall make provision to protect them absolutely?"

Mr. SMITH of Michigan. According to the Senator's own statement, the depositors are protected now; there is very slight loss. Why go further and involve the Government in all the vast details of private enterprise? This is not the purpose or spirit of our institutions, and if insisted upon will supersede individual responsibility.

Mr. DOLLIVER. Mr. President, I have been very much attracted by these propositions to guarantee deposits in national banks. A large number of people, many of them bankers, in my own community appear to be drawn favorably toward this proposition, and I have listened with a very great deal of interest to the arguments which have been advanced from time to time during the course of this debate in reference to it.

I regret that I have not been able to bring my mind to an agreement with the opinions which have been so forcibly expressed by the Senator from Minnesota [Mr. NELSON], by the Senator from North Dakota [Mr. McCUMBER], and by the Senator from Oklahoma [Mr. OWEN]. For a minute I desire to call the attention of the Senate to the difficulties which I have found in coming to an agreement with those Senators.

In the first place, I take very little interest in the argument that is based upon the alleged paternalism involved in these amendments. I do not care particularly whether the Government is paternal or not, so it is wise and just and efficient in what it does. But my objection to such propositions is of a more practical character. In the first place, it looks to me as though it would create confusion and a form of injustice to those banks which are not within the legislative jurisdiction of Congress. If we should guarantee the deposits in national banks, we would create an unfair disparagement of those banking institutions, nearly as numerous in every community as the national banks, which are not, in the nature of the case, admitted to share in these benign provisions.

It has been said the States would rapidly bring their banking institutions within the scope and influence of this legislation. I do not know whether that is so or not. I do know that in the State of Kansas an extraordinary session of the legislature was called for the purpose of bringing the State of Kansas within the zone of guaranteed banking which had been established in the neighboring State of Oklahoma, and that the legislators, after weeks of very intelligent discussion, dismissed the proposition, so far as the banks in the State of Kansas were concerned. I have seen no evidence anywhere that it would be practicable to bring the banking institutions of the State within the scope and protection which this amendment proposes to offer to the depositors in national banks.

Mr. ALDRICH. I will state to the Senator from Iowa that the deposits in banks other than national banks are nine thousand million dollars, while the deposits in national banks are about four thousand million dollars.

Mr. DOLLIVER. I thank the Senator. I have no very profound insight into the mysteries of finance, but it seems to me that if we would set up in the country this guaranty in respect to a portion, and a minor portion, of the deposits of our people, instead of being an element of stability and confidence it would be an element of confusion and ultimate misfortune.

Again, it appears to me that a bank, by the nature of its business, ought to stand on its merits. People, at least so far as my observation goes, select their bank for deposit with some consideration, at least, of its standing, of the character of the men who are its officers and directors, and of its financial and commercial record in the community.

I look with extreme doubt upon the wisdom of putting all the banking institutions of the country upon a common level of safety and security, thereby taking away from well-managed institutions the prestige and influence which they command by reason of their business methods and repute. I am afraid that in seeking to prevent a run on all banks by scared depositors we would institute a run on all well-managed banks in the interest of those who offer more alluring temptations to depositors to put their money in speculative and unstable institutions.

The Senator from Oklahoma suggested, seeing, I think, the force of that practical reasoning, that he would apply this guaranty only to the running deposits and not to those deposits put in on time and for a given rate of interest. I should be afraid of that as a practical proposition. I should be afraid that, seeing that their time deposits were not guaranteed by the Government, the banks might be tempted to use the resources of the bank to pay the time depositors and let the Government take care of the responsibility arising on account of current deposits.

So I fear that, as a working proposition, instead of helping our banking situation it would harm it and injure it by taking

away from well-managed banks the influence and prestige in the community which they have earned by a record of honorable dealing with their customers.

Now, another thing. I fear also that the guaranty of deposits would operate swiftly and dangerously to reduce bank capital all over the United States. What is the object of the capitalization of a bank? If I have got hold of the right authorities, the capital of a bank is its redemption equipment, and the security of depositors in our banks now rests in the fact that they have a capital stock which is available for redemption purposes; and in connection with the stock there is a double liability to the creditors upon the shares which each stockholder may hold.

It has been said that there is only a small ultimate loss in the liquidation of failed banks. That is fortunately true, and it is an admirable tribute to the essential integrity of American business. But it arises from the fact that in addition to the deposits the creditors rely, in part, at least, upon the capital stock of the bank and upon the legal liability of the stockholders in double the amount of each man's interest in the stock.

Now, if you create a dead level of safety, if you make it out of the question for a bank to fail to pay its depositors by putting the Government in a position of taking care of that liability when it arises, where is the need of bank capital, and what, for example, would be the practical effect of the temptation which would instantly arise to reduce the capital from \$100,000 to \$50,000? If the Government is to pay, why should the capital be maintained at \$100,000?

I think it becomes those of us who are interested in the practical aspect of the question to consider whether we would not lawfully, in guaranteeing the deposits in a bank, spread an allurements before bankers all over the country to diminish the caution and care with which sound business policy now guards the business community through the capitalization of the banks.

That leads me to say a word in conclusion. We have heard a good deal said about the origin of the panic. I do not intend to discuss that question. I agree, however, with the Senator from Pennsylvania, and I believe it is in line with the authorities that have given a practical study to the question, that undoubtedly our troubles arose from the pressure of our enterprises and our speculations and our business investments upon our available capital in the United States. It is all folly to talk about our panic here having been started by this or by that. Last September I read an article in the *Atlantic Monthly* by a famous American economist—an article that must have been written at least in August—in which he was speaking of the effect of the gold inflation of the last ten years upon prices and upon the state of business. In that article he pointed out the fact that long before the panic became flagrant in the United States it was pressing with terrible hardship upon every market place in the commercial world, upon England, upon Germany, upon far-off Australia, and upon Canada, and the consensus of opinion then was that the business of the world had outgrown the resources available for its management.

Hence, it has been with a certain sense of weariness that I have heard discussed here a panic attributed first to one thing and then to another, disregarding a world-wide situation, which has been under the discussion of scholars and students for the last two years throughout the world.

I do not know whether the measure which has been presented by the Finance Committee will be as effective as we hope or not. I like it, partly because nobody speaking for the so-called "system" seems to be in favor of it. I have observed affairs about this Capitol for a good many years, and I have noticed wherever there is a dreadful amount of enthusiasm over a measure from any quarter it requires only a very slight effort to uncover the interest that is seeking to promote its welfare through the machinery of the Government of the United States. When I find a bill originating with Congress without frantic friends among the great banks or banking associations, capable upon a minute's notice of attracting an adverse resolution in boards of trade and institutions affiliated with great speculative affairs, I have made up my mind, slowly but deliberately, that the Senate Finance Committee has got hold of a proposition which, without holding out the promise of profit to the banks, is in the interest of the American public, not seeking to give extra returns to special interests, not seeking to promote any questionable enterprises, but seeking in a plain way to give the American business community a supply of circulating money in times of excitement and panic and commercial disaster.

I shall therefore vote with great pleasure for this bill, and I am inclined to cast my vote against all propositions which propose to lift from the banks the old-fashioned responsibility of taking care of their depositors without calling in the aid of the Government.

Mr. HEYBURN. Mr. President, under no circumstances could I vote for any measure that embodied a guaranty by the United States that any kind of business enterprise would be successful through the means of the Government's Treasury. Banking is only one of many business enterprises in the country. I would much sooner vote for that paternal exercise and care and supervision over the agricultural interests, or any other industrial enterprise, by the Government to insure the payment of the wages of the laborer. I would much sooner vote for a provision that would require the Government to come to the aid of the great agricultural interests of the country.

But that you should seriously propose that the Government of the United States should insure the repayment by a bank of the deposits voluntarily placed there by the owner or custodian of the money seems to me like going wild beyond all possible conception of a conservative government. Governments were not founded for such a purpose. There is not a spark of such a spirit in this great Government or in the Constitution upon which it rests as to prompt the understanding mind to carry the machinery of government into the insurance business.

The success and the perpetuity of this Government depends on its keeping out of business of all kinds—keeping out of the banking business, out of industrial enterprise, out of the management of business concerns, only holding the balance even as between those who engage in business. That is all—just holding the balance even, so that every man may have and enjoy the same rights as another man, and that every combination of men shall, combined, have no greater rights than has every individual in the country. That is the true measure of justice, and I am appalled at the seeming strength and enthusiasm behind the measure that shall make the Government of the United States the guardian against the incompetency and bad judgment of every individual in the United States in selecting a custodian for his temporary wealth.

Mr. GORE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Idaho yield to the Senator from Oklahoma?

Mr. HEYBURN. Certainly.

Mr. GORE. I should like to ask the Senator if he thinks the United States Government ought to make the banks guarantee the repayment of the deposits of the United States Government?

Mr. HEYBURN. I would not deposit the money of the Government of the United States in these banks at all, except to the extent of the necessities of the Government, through its disbursing officers, for its own convenience. Then the deposits would be limited to the current pay rolls or the necessary provision for them. I am unalterably opposed to accumulating a fund through taxation or any other governmental source that it may be loaned out to the banks. As long as the banks think that they may obtain this kind of relief, so long will they put themselves in a position where they will appear that they need it.

Mr. GORE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Idaho yield further to the Senator from Oklahoma?

Mr. HEYBURN. Certainly.

Mr. GORE. I agree with the Senator that Government deposits ought to be very small in these banks, but I should like to ask him if he would guarantee the small deposits?

Mr. HEYBURN. I would not have the Government guarantee any man's contract.

Mr. GORE. But would the Senator require the banks to guarantee the deposits of the Government?

Mr. HEYBURN. Mr. President, if the Government is to manage and control the detailed affairs of the bank, I might take up for consideration how far I should go, but this proposition does not embody that idea. We are not proposing that the Government shall control the affairs of these banks in the ordinary performance of their duty. I certainly would oppose any bill which proposes that the Government should control or be responsible for a banking concern as I would oppose the Government control of an iron foundry or a lead smelter. There is no reason why the Government should become sponsor or a guarantor for one more than the other.

Let us keep this great Government to its proper functions of governing the people and not engaging in the business enterprises of the people, either as a participant, as a guarantor, or a beneficiary, further than to the extent of collecting revenues through well understood and carefully enacted laws to pay the expenses of running the Government. This thing of accumulating two or three hundred million dollars in the Treasury and then, forsooth, because we have it, going into business in partnership with individuals or with corporations is a departure that I can not for a moment countenance.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Minnesota.

Mr. NELSON. I should like to have the yeas and nays on the amendment.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. FOSTER (when his name was called). I again announce my pair with the senior Senator from Connecticut [Mr. BULKELEY]. If he were present, I should vote "nay."

Mr. ALDRICH. I am sure the Senator from Connecticut would vote "nay" if he were present. I think the Senator from Louisiana would be at liberty to vote. I call the attention of the junior Senator from Connecticut.

Mr. FOSTER. With that assurance on the part of the Senator from Rhode Island, I will feel at liberty to vote.

Mr. ALDRICH. I am sure the senior Senator from Connecticut would vote "nay" on this proposition if he were here.

Mr. BRANDEGEE. I am quite sure he would vote "nay."

Mr. FOSTER. I vote "nay."

Mr. FRAZIER (when his name was called). I again announce my pair with the junior Senator from South Dakota [Mr. KITTREDGE]. He is not present and I do not know how he would vote upon this amendment. I therefore withhold my vote.

Mr. GAMBLE (when his name was called). I again announce that I have a general pair with the senior Senator from Nevada [Mr. NEWLANDS]. Arrangements have been made whereby that pair has been transferred to the senior Senator from Maine [Mr. HALE]. I vote "nay."

Mr. OVERMAN (when Mr. SIMMONS's name was called). I was requested by my colleague [Mr. SIMMONS] to announce that he has a general pair with the junior Senator from Minnesota [Mr. CLAPP]. If my colleague were here he would vote "nay."

Mr. WARREN (when his name was called). On this vote I transfer my regular pair with the Senator from Mississippi [Mr. MONEY] to the senior Senator from Ohio [Mr. FORAKER] and I will vote. I vote "nay."

The roll call was concluded.

Mr. NELSON. I desire to state that if the Senator from South Dakota [Mr. KITTREDGE] were present he would vote for this amendment.

The result was announced—yeas 11, nays 49, as follows:

YEAS—11.

Ankeny	Gore	Nelson	Stephenson
Borah	La Follette	Owen	Taylor
Brown	McCumber	Piles	

NAYS—49.

Aldrich	Depew	Guggenheim	Perkins
Allison	Dick	Heyburn	Platt
Bankhead	Dillingham	Hopkins	Richardson
Bourne	Dixon	Johnston	Smith, Mich.
Brandeggee	Dolliver	Kean	Smoot
Burkett	du Pont	Knox	Sutherland
Burnham	Elkins	Lodge	Teller
Burrows	Flint	Long	Warner
Clay	Foster	McCreary	Warren
Crane	Frye	McEnery	Wetmore
Culberson	Gallinger	McLaurin	
Cullom	Gamble	Overman	
Curtis	Gary	Paynter	

NOT VOTING—30.

Bacon	Clarke, Ark.	Hemenway	Scott
Ballie	Daniel	Kittredge	Simmons
Beveridge	Davis	Martin	Smith, Md.
Briggs	Foraker	Money	Stone
Bulkeley	Frazier	Newlands	Taliaferro
Carter	Fulton	Nixon	Tillman
Clapp	Hale	Penrose	
Clark, Wyo.	Hansbrough	Rayner	

So Mr. NELSON's amendment was rejected.

Mr. ALLISON. Mr. President, I desire at this time to offer an amendment which, I think, will lead to no debate. It is an amendment that is satisfactory to the Committee on Finance; in fact, agreed to by that committee. It relates to a matter of detail.

On page 8, line 11, after the word "withdrawn," I move to insert what I have sent to the desk.

The VICE-PRESIDENT. The Senator from Iowa proposes an amendment, which will be read by the Secretary.

The SECRETARY. On page 8, line 11, after the word "withdrawn," insert the following proviso:

Provided, That the deposits under this section to retire notes secured by the deposit of bonds other than bonds of the United States shall not be covered into the Treasury, as required by section 6 of an act entitled "An act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes," approved July 14, 1890, but shall be retained in the Treasury for the purpose of redeeming the notes of the bank making such deposit.

Mr. ALLISON. Mr. President, under section 6 of the law of 1890, when a bank returns to the Treasury lawful money in

any form, the money thus deposited is turned over to the Treasury and goes immediately again into general circulation. The notes proposed to be issued under the provisions of this act are to be returned in like manner, but with the idea that they are not to be returned unless they are no longer needed for circulation. If they are not needed for circulation—as they evidently will not be—they should remain in the Treasury as a special fund and not be turned over to the general fund of the Treasury.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Iowa [Mr. ALLISON]. The amendment was agreed to.

Mr. McCUMBER. I move to amend the bill by striking out the word "six," in line 24, page 6, and inserting in lieu thereof the word "four."

The VICE-PRESIDENT. The amendment proposed by the Senator from North Dakota will be stated.

The SECRETARY. In section 4, page 6, line 24, before the word "months," it is proposed to strike out "six," and insert "four," so as to read:

National banking associations having on deposit bonds to secure their circulating notes other than bonds of the United States shall pay for the first four months a monthly tax of one-half of 1 per cent upon the average amount of such of their notes in circulation as are based upon the deposit of such bonds, and afterwards a monthly tax of three-quarters of 1 per cent upon the average amount of said notes.

Mr. McCUMBER. Mr. President, this currency is intended solely as an emergency currency; it is intended to be used only under a special condition, and not intended to add to the volume of the currency of the United States so as to expand it during any great number of months. It being, therefore, for a specific purpose—that of meeting runs upon the banks or great exigencies which may arise—it seems to me that we are running it too long if we admit that six months is a proper time to keep this currency in existence.

Everyone knows that the moment you increase the volume of currency you also increase the value of all commodities just in proportion to the volume of the increase in the currency. I know it is not the intention to do that by this bill. The amount of the tax is so very slight during the first six months, however, that it seems to me that it rather invites this money to be used during that six months, and as the object of the bill is not that it shall be used to do business, except for a specific condition, and that it shall be retired as soon as the exigency has passed, we can scarcely imagine an exigency demanding that kind of currency continuing for six months. I understand that the Senator who has this bill in charge is not averse to this amendment.

Mr. ALDRICH. There is no objection to that amendment, I think.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from North Dakota [Mr. McCUMBER].

The amendment was agreed to.

Mr. OVERMAN. Mr. President, I submit the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment proposed by the Senator from North Carolina will be stated.

The SECRETARY. It is proposed to insert as additional sections the following:

SEC. —. That a commission is hereby created, to be known as a "Monetary Commission," which shall be composed of five members of the Senate, not more than three of whom shall be members of the same political party; five Members of the House of Representatives, not more than three of whom shall be members of the same political party, to be appointed by the presiding officer of each body; and five competent, well-qualified persons, to be appointed by the President, not more than three of whom shall be members of the same political party; and each member of the said commission appointed by the President shall receive a salary of \$625 per month, and all other members thereof, including the secretary of the commission, shall receive a per diem allowance, when on duty, to be fixed by the Secretary of the Treasury, not to exceed \$10 per day. The commission shall appoint a secretary who shall be paid a salary of \$300 per month.

SEC. —. That it shall be the duty of the said commission to immediately investigate the causes of the recent panic and the relation of the banking and currency system thereto, and the relation of loans made by national banks to brokers and others operating on the stock exchange, and give the character of the collateral accepted as security, and all matter necessary to discover any abuses that may exist in or grow out of the existing system of trading on margins, and investigate as to what changes and reforms are necessary in the banking system of the country to prevent, if possible, future panics, considering the various needs of the different parts of the country and the crop season thereof, and recommend and report to the President on or before the 1st day of January, 1909, who shall transmit same to Congress with such recommendation as he may deem proper.

SEC. —. That the commission may employ such experts as it may deem proper to make investigation in the different sections of the country, and shall have power to administer oaths and affirmations, to send for persons and papers, and pay all necessary expenses incident to such investigation, including employment of stenographers, clerks, rents, stationery, and such salary as they may deem proper.

Sec. — That a sum sufficient to carry out this act is hereby appropriated, out of the money in the Treasury not otherwise appropriated, not to exceed the sum of \$150,000.

Mr. ALDRICH. I suppose that is the commission amendment which the Senator from North Carolina offered a few days ago.

Mr. OVERMAN. Yes, sir.

Mr. ALDRICH. I should like to suggest to the Senator from North Carolina that this is a very important matter, it being a provision for a commission or a committee, and should be very carefully considered. I do not mean to say that this has not been carefully considered, but there are many subjects which are not included in the Senator's amendment which ought to be included. I assure the Senator that it is the purpose of the committee to take that matter up and present some measure to the Senate that will cover substantially the proposition he has presented. Under those circumstances, I should be glad if the Senator would not press his amendment now.

Mr. OVERMAN. I inquire of the Senator from Rhode Island whether any bill carrying that idea has been introduced?

Mr. ALDRICH. Not yet; but there will be.

Mr. OVERMAN. There will be such a bill introduced?

Mr. ALDRICH. There will be; yes, sir.

Mr. OVERMAN. Mr. President, with that understanding, I shall not press the amendment; but I introduced the amendment because I am opposed to this bill. I have had nothing to say in regard to the bill so far, but I think it is my duty to give some of the reasons why I think this bill ought not to pass.

Mr. President, it has been the slogan of a great political party in this country for years in many campaigns that the Dingley tariff and sound money brought prosperity and made this country blossom as the rose. It has also been charged that another party brought on a panic. We still have the Dingley tariff, we still have sound money, and yet we are confronted to-day with the greatest money panic that this country has ever seen. Millions of men are out of employment; men walk along the streets begging for bread; and the dinner pail is empty. We may have sound money, Mr. President, but the trouble is that we are cursed with an unsound currency. There is money a plenty, and this bill proposes to issue a new kind of money. What is needed in this country is currency reform. We now have too many kinds of money, Mr. President. We have gold and silver, gold certificates, silver certificates, Treasury notes, and bank-credit money, and now it is proposed to issue another kind of money—credit money, highly taxed money.

Inflation of the currency, as well as contraction of the currency, is always dangerous, and this bill proposes to authorize certain great money centers to inflate the currency to the tune of \$500,000,000 and contract it at will. We need no more money. We are trying to lock the door when the horse has gone. Does anybody suppose there is going to be a money panic in this country in the near future? The distress is upon us, but the money panic is over, so far as that is concerned; the banks to-day are retiring more than \$9,000,000 of money every month, and there is a clamor among the bankers to the Treasury to retire more money.

Why, Mr. President, on the 22d day of August last, before the panic, we had in the national banks of this country more than \$700,000,000 in lawful money—more than the national banks ever had before, and in all the banks of the country, national as well as State, we had more money than has ever been known in the history of America. As late as December, after the panic, we had in the national banks over \$601,000,000.

The lack of money is not the trouble, Mr. President. We must get at the root of the trouble. Does this bill propose to get at the root of the trouble? It only proposes to administer upon the surface; it has even been said by the Senator from Rhode Island [Mr. ALDRICH] himself that it is a patch—it is a thin patch upon the crazy quilt of our monetary system—a salt solution, to be used in case of imminent death, when death has come and gone.

With all of this plethora of money in the banks, with more money than we ever had before, when the panic came what was the condition of this country? Why, sir, the farmer was happy; labor was in great demand; everybody employed, with splendid wages; the crib of the farmer was groaning with corn; his bins were filled to overflowing with wheat; millions of bales of cotton were under the sheds ready for the market, when suddenly came the news from Wall street that there was a panic in this country; the country bankers became frightened; they could not get their money from the New York banks and other central banks where it was deposited. It was the banks that had hoarded the money and not the people. A few people in New York drew their money out of the banks in order to prey upon the people of the country. I know myself that managers of some of our great manufactories had to take the train, go to New York, and purchase money upon the curb at a great pre-

mium in order to meet the weekly pay rolls of their establishments, when the banks with whom they traded had money in New York on deposit and they could not get it back.

What relief would this bill have afforded to the country banks if it had been the law on the 1st day of last October? Tell me that it would have helped the country bankers! Why, sir, on yesterday I noticed the little city in which I live sold some \$100,000 worth of bonds at a splendid premium. Where did they go? To New York. The money centers owned the State bonds and county and municipal bonds, as a rule. They are generally held by the great trust companies, the insurance companies, the savings banks, and the great central banks, and our country banks could not have availed themselves of the provisions of this bill.

Therefore I think we ought to get at the root of the evil, and the way to do it is to have a commission, because there are many different theories and ideas about what caused the panic, and what the trouble is. Let us have a commission consisting of five men of each House, or seven men, Members of Congress, and five men outside of Congress, acting in conjunction with the committees of this Congress, to investigate our monetary trouble, ascertain the facts, and report on the 1st day of January next—in six months—and give us such information that we may legislate intelligently. This bill is a mere makeshift. It is admitted to be a makeshift, and it will not bring any relief. Such a panic at such a time, under such conditions, in this the greatest as well as the wealthiest country on earth, makes the pride of the American citizen tinge with sorrow. I think we should provide against a panic—not for a panic. I can not give the measure my support.

Mr. McLAURIN. Mr. President, I have an amendment which I desire to offer to the bill.

THE VICE-PRESIDENT. The amendment will be stated.

Mr. ALDRICH. I think the amendment has been heretofore read.

Mr. McLAURIN. It never has been read.

Mr. ALDRICH. I think the Senate understands it.

Mr. McLAURIN. I should like to have it read. It is a good amendment, and I want the Senate to hear it. The Senate could not spend its time better.

THE VICE-PRESIDENT. The Secretary will read the proposed amendment.

THE SECRETARY. It is proposed to add to the bill, as new sections, the following:

That any person or persons owning a bond or bonds of the United States may deposit the same in the Treasury or subtreasury of the United States, and it shall thereupon be the duty of the Treasurer or assistant treasurer of the United States with whom said bond is or bonds are deposited to issue to such person or persons United States Treasury notes equivalent in amount to the par value of the bond or bonds so deposited. Said Treasury notes shall be in denominations convenient for circulation, as shall be judged by said Treasurer under rules and regulations and direction of the Secretary of the Treasury.

SEC. — That instead of United States Treasury notes the Secretary of the Treasury, with the approval of the President, may issue to such depositor or depositors national-bank notes, gold certificates, silver certificates, or gold or silver coin whenever these are in the Treasury, or subject to the order of the Secretary of the Treasury, in excess of the current needs of the Government.

SEC. — That the interest on said bonds so deposited shall be suspended during the time they are deposited as aforesaid.

SEC. — That the owner or owners of said bond or bonds so deposited may at any time within one year after the time of the making of said deposit pay into the Treasury or any subtreasury of the United States in United States Treasury notes, national-bank notes, gold certificates, silver certificates, gold or silver coin, an amount equivalent to the amount received by such person or persons and 5 per cent per annum interest thereon, and thereupon it shall be the duty of the Treasurer or Assistant Treasurer of the United States to return said bond or bonds to said owner or owners. If said amount is not paid within the said one year, said bond or bonds shall be canceled by order of the Secretary of the Treasury. If an amount equivalent to one or more of said bonds with said interest is paid as aforesaid by said owner or owners within said one year, but not an amount equivalent to all so deposited by the same owner or owners, then these shall be canceled, and those shall be returned to said owner or owners. If an amount equivalent to only a part of one of said bonds with said interest shall be paid as aforesaid within said time, said bond shall be canceled as aforesaid, and the Secretary of the Treasury shall issue to the owner or owners thereof a bond of the same class of the par value less interest so paid, bearing the same interest and due at the same time as the bond so canceled.

SEC. — That the Secretary of the Treasury may make rules and regulations for the performance of the provisions of the foregoing sections and alter, change, or revoke said rules and regulations.

SEC. — That if any person shall deposit as aforesaid any bond not his own, unencumbered by lien or otherwise and not authorized by the owner thereof to be so used, and shall obtain money thereon as aforesaid, he shall, upon conviction, be sentenced to imprisonment for a term not exceeding one year or to pay a fine not exceeding \$1,000.

SEC. — That the Secretary of the Treasury shall issue \$300,000,000 United States Treasury notes, or as much thereof as shall be necessary, to execute the provisions of this act.

THE VICE-PRESIDENT. The question is on agreeing to the amendment of the Senator from Mississippi [Mr. McLAURIN].

The amendment was rejected.

Mr. HEYBURN. Mr. President, it is apparent that the consideration of this bill is approaching a close, and, inasmuch as it is my intention to vote against the bill, I desire that the RECORD shall show an additional reason for my doing so. My statement of it will be very brief.

There is no limit in the provisions of this bill to the amount of this new currency that may be retired on any given date. The \$500,000,000 may be issued on one day, and the \$500,000,000 may be retired upon any given day. Five hundred million dollars is nearly half of what will constitute the national-bank circulation if this bill becomes a law, because there is now only a little over \$600,000,000 of national-bank circulation. In other words, under the provisions of this bill—and I call the Senator's serious attention to this—it will be possible—and what is possible is probable in times of panic or in times of business stress or of necessity, real or imaginary—it will be possible in a day to cut the volume of national bank-note circulation in two. There have been conditions and times of desperate financial speculation, with great fortunes at stake, that might prompt men, if not entirely to thus diminish the circulation, to do it at least in part. Such a thing ought not to be possible.

Why was it deemed necessary and wise to limit the retirement of the existing six hundred and twenty-odd million dollars of national bank-note circulation to \$9,000,000 a month?

Mr. KEAN. I do not think it was wise.

Mr. HEYBURN. Well, the Senate of the United States on the 4th day of last March thought that it was wise and necessary, and it is the law of the land. If it was wise to limit the amount of that circulation that might be retired to \$9,000,000 a month, I should like to know why it is not necessary even to consider the subject upon this occasion? It is waived aside in a lordly manner, as though it were something not worth considering, and yet a year ago we filled the pages of the CONGRESSIONAL RECORD with the proceedings for the enactment of a law that closely considered the exact extreme limit of the retirement that would maintain the equilibrium of the circulation of the country.

I am not going to offer any amendment; but I make these remarks in order that it may never be said that the Senate overlooked the fact that in this case, in the consideration of this bill, they made no provision for limiting the amount of circulation that might be withdrawn in any given time, and that, further, they provide that the bonds upon which this emergency circulation is based may be retired upon the deposit of national-bank notes, and they do not allow or provide that the circulation based upon the Government bonds may be retired upon the deposit of national-bank notes. Now, Mr. President, I am ready to vote on this bill.

Mr. ALDRICH. My experience in the last six or eight months has led me to suppose that any kind of a proposition is possible in connection with a currency measure; but I never expected the question which the Senator from Idaho propounded to me to be asked in the Senate. This is distinctly an emergency currency. It will only be taken out when there is a demand for emergency purposes. Some of my friends on the other side think it will never be taken out. Everybody agrees, I suppose, that when the emergency is over the currency should be retired. That is the plain purpose of the bill, as has been said on this floor time after time, and I do not think it necessary to state it again in answer to the Senator from Idaho.

There is one amendment which was passed over. It is a committee amendment, and has not been acted upon—

Mr. HEYBURN. Will the Senator pardon me a moment?

Mr. ALDRICH. Certainly.

Mr. HEYBURN. The Senator's argument is along the line that it would be safe to fill the cupboard of the home with poison, relying upon the presumption that no sane person would take it.

Mr. ALDRICH. Oh, no; it is upon the presumption that it is safe to fill the cupboard with food, and whenever it is required take it out, and when it is not required to let it remain.

On page 10, line 5, I find that the amendment inserting the words "that the" has not been agreed to. I ask that it may now be agreed to and that the prior lines be stricken out.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 9, line 24, after the words "SEC. 8," it is proposed to strike out:

That national banking associations located outside of reserve or central reserve cities, which are now required by law to keep a reserve equal to 15 per cent of their deposit liabilities, shall hereafter hold at all times at least two-thirds of such reserve in lawful money. The

And insert "That the," so as to read:

SEC. 8. That the provisions of section 5191 of the Revised Statutes, with reference to the reserves of national banking associations, shall not apply to deposits of public moneys by the United States in designated depositories.

The amendment was agreed to,

Mr. RAYNER. Mr. President, I desire to state that I am paired on this bill with the junior Senator from New Jersey [Mr. BRIGGS], but if there were no pair, I should vote against the bill and vote against all amendments and substitutes for it. I am opposed to the entire legislation upon this subject.

Mr. GORE. Mr. President, I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 3, at the end of section 1, after the word "dollars," in line 23, it is proposed to insert the following proviso:

Provided further, That no national banking association shall be entitled to avail itself of the provisions of this act which has charged or collected a rate of interest in excess of that allowed by law within a period of two years next preceding its application for circulating notes under the terms of this act.

The VICE-PRESIDENT. The question is on the amendment of the Senator from Oklahoma.

The amendment was rejected.

Mr. GORE. Mr. President, I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 3, line 23, after the word "dollars," it is proposed to insert the following proviso:

Provided further, That no national banking association shall be allowed to avail itself of the provisions of this act until it has furnished satisfactory proof to the Comptroller of the Currency that none of its officers or directors are the officers or directors of any corporation which has been adjudged by any court of the United States or of any State to be guilty of entering into an unlawful combination in restraint of trade.

Mr. GORE. Mr. President, as shedding some light on that amendment, I wish to say that I hold in my hand a copy of Collier's Weekly. On page 12 is an article which I have had marked and which I desire to have read to the Senate. I do not know whether the charges contained in the article are true or false. If they are true, the Senate and the country have the right to the benefit of those charges, and if they are false those upon whom they reflect ought to have an opportunity to vindicate themselves. If this were a less respectable publication, I should not ask for the reading of the article, but I am sure it will be equally interesting to the friends and to the opponents of this measure.

The VICE-PRESIDENT. Is there objection to the reading of the article? If not, the Secretary will read as requested.

The Secretary read from Collier's National Weekly of March 14, 1908, as follows:

MANUFACTURING PUBLIC OPINION IN FAVOR OF THE ALDRICH CURRENCY BILL.

The following letters tell their own story, without leaving too much to the imagination of anyone familiar with the most modern methods practiced by the larger interests in achieving their purposes. All were written by a man whose letter heads do not disclose his occupation further than to say "P. S. Ridsdale, Wilkes-Barre, Pa." They were addressed to a newspaper man in a distant State, whose business is the sending of such local news arising in his vicinity as is of sufficient importance to the metropolitan newspapers.

The letter, with some omissions, follows:

"DEAR SIR: I am able to place you in the way of extending your business * * * and think it will result in a considerable increase in your income. It is to obtain certain kinds of news, for which you will be paid extra in addition to the regular newspaper rates. I will be glad 'to put you next' to the work, as a good man is required in your territory.

"Very truly, yours,

P. S. RIDSDALE."

The recipient of this letter answered, and in due time came the details:

"DEAR SIR: I wish to have published in as many papers as possible opinions of prominent business men and bankers of your district favorable to the Aldrich currency bill, now before the Senate. * * *

"What I want to get published as widely as you can is the following:

"That there is still such uneasiness over the recent financial crisis, that all business men of your community are anxious for some currency legislation at the earliest possible moment consistent with the importance of the subject."

(Then is advanced a long brief in favor of the Aldrich bill—a digest of the sort of thing which the hired advocate is supposed to put into the mouths of the prominent men whom he interviews.)

"Now, it is likewise the opinion of all the level-headed men of the community that the Aldrich bill, better than any other brought out, meets this urgent necessity, and there is general demand in the community, irrespective of party or politics, that the Aldrich bill be passed and become a law as quickly as possible.

"On broad lines, this is what I want: It is important to get opinions favorable to the bill from men of prominence whose names carry weight regarding the effect on your particular section, and, if they are big men, on the country at large.

"For your special efforts in this direction I am willing to pay you \$10 for each story of about half a column that you can place in the big city papers, such as New York, Philadelphia, Washington, Baltimore, Pittsburgh, Boston, Buffalo, Cleveland, Cincinnati, Chicago, St. Louis, Detroit, New Orleans, Nashville, Tenn., or cities of that size; and \$2 for each article placed in your local papers, or in any city or town papers which are not classed as big papers. You should have no trouble in landing much of this stuff. It is good news. The smaller papers in the district you cover, while they would probably not pay you space rates for the stories, would be glad to use them. You can also duplicate the stories to the big papers."

"I must ask you to send me at the same time you send it out, a carbon copy of each story, with a list of the papers to which it is sent, and then, upon the receipt of each clipping of the story which you send me, with the date of publication and the name of the paper publishing it at the top, I will send you a check for it.

"It is necessary to get this going as soon as possible. I would suggest interviews with your prominent bankers and business men at once on the subject of publication in your local papers; and then a story built up from these interviews in the big papers.

"Will you let me know as soon as you can if you desire to take up this work and what you think you can do with it?

"Wishing you success and hoping that I may have to send you many good-sized checks, I am,

"Yours, very truly,

P. S. RIDSDALE.

"I must ask you, of course, to treat this matter as strictly confidential."

That is the scheme. Now, who is paying the bills? From whose pocket comes the "\$10 for each story * * * in the big city papers," and "\$2 for each article * * * in any * * * papers * * * not classed as big papers?" Not Ridsdale. He is, or was until recent affluence came his way, a worker on the daily papers and the local correspondent of out-of-town papers.

The Aldrich currency bill is fair subject for debate. Many speeches on it will be made in Congress, and hundreds of newspapers will print editorials which reflect their sincere convictions. Out of all this thrashing, pro and con, ought to come sound final judgment. But some one, who has a pecuniary interest in the passage of the bill, fears the result of this process of making public opinion. Who is it? Enough has been said as to those who would most profit by the Aldrich bill to justify the inference that he does not live in Wilkes-Barre. Making that small city the home and center of this "tainted news" campaign suggests a Machiavellian hand.

Mr. GORE. Mr. President, I desire merely to add that in my opinion, in a free country like this, the will of the people ought to be the law of the land. Public sentiment ought to be a powerful influence upon all legislation, and the Senate ought to be responsive, perhaps more responsive than it is or has been, to public opinion in this country. But, sir, it ought to be a legitimate, a wholesome, a rational, and a spontaneous public opinion. It ought not to be a manufactured, an artificial, or a counterfeited public opinion. In my judgment, it is worse to counterfeit public sentiment than it is to counterfeit silver or gold, and the counterfeiter ought, if not punished under the criminal statutes, at least to be exposed to the whip of justice and to the scorn of an enlightened and an indignant public opinion.

Now, sir, Mr. Ridsdale may be an honorable man; he may, indeed, be a substantial and a conservative business man. On the other hand, he may be an undesirable citizen. If he is inspired by pure patriotism, it is rather an expensive article that he is parading in behalf of this measure. But, sir, under our form of law the worst criminal has a right to vindicate himself not only at the bar of justice, but at the bar of public opinion; and Mr. Ridsdale, if he can, ought to vindicate himself in the eyes of the Senate and in the eyes of the country. If he can not, the Committee on Finance ought to have him brought before the committee and tell the committee and tell the Senate and tell the country where he has obtained the money, the source of the money, and the object to be subserved by his expensive solicitude in the passage of the pending measure.

I ask for the yeas and nays on the question of agreeing to the amendment.

Mr. BEVERIDGE. Let it be again reported.

Mr. TELLER. What is the amendment?

The VICE-PRESIDENT. The Secretary will again state the amendment.

The SECRETARY. On page 3 of the bill, line 23, after the word "dollars," insert the following proviso:

Provided further, That no national banking association shall be allowed to avail itself of the provisions of this act until it has furnished satisfactory proof to the Comptroller of the Currency that none of its officers or directors are the officers or directors of any corporation which has been adjudged by any court of the United States or of any State to be guilty of entering into an unlawful combination in restraint of trade.

The VICE-PRESIDENT. The question is on agreeing to the amendment submitted by the Senator from Oklahoma [Mr. GORE].

Mr. GORE. On that I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. GORE. I ask for a division.

There were on a division—ayes 3, noes 33.

Mr. KEAN. Let us have the yeas and nays.

Mr. BEVERIDGE. It is too late, Mr. President.

The VICE-PRESIDENT. The vote discloses the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Aldrich	Brandegee	Curtis	du Pont
Ankeny	Brown	Depew	Elkins
Bankhead	Burkett	Dick	Flint
Beveridge	Barrows	Dillingham	Foster
Borah	Clay	Dixon	Frazier
Bourne	Cullom	Dolliver	Frye

Gallinger	Kean	Nelson	Smoot
Gamble	Knox	Owen	Stephenson
Gary	La Follette	Overman	Sutherland
Gore	Lodge	Paynter	Taylor
Guggenheim	Long	Perkins	Teller
Heyburn	McCreary	Piles	Warner
Hopkins	McCumber	Richardson	Warren
Johnston	McLaurin	Smith, Mich.	Wetmore

The VICE-PRESIDENT. Fifty-six Senators have responded to their names. A quorum of the Senate is present. The question is on agreeing to the amendment proposed by the Senator from Oklahoma [Mr. GORE].

There were on a division—ayes 2, noes 45.

So Mr. GORE's amendment was rejected.

Mr. OWEN. Mr. President, I offer the amendment I send to the desk.

The VICE-PRESIDENT. The Senator from Oklahoma proposes an amendment which will be stated.

The SECRETARY. It is proposed to add as a new section the following:

SEC. —. That no national banking association shall hereafter make loans or extend credit of any kind for the buying of stocks, bonds, or agricultural or food products, for speculative purposes, which in the aggregate exceed its unimpaired capital stock.

Mr. BEVERIDGE. Let the amendment be again reported, Mr. President.

The VICE-PRESIDENT. The Secretary will again read the amendment.

The Secretary again read the amendment.

Mr. OWEN. Mr. President, I do not wish to take the time of the Senate in discussing the amendment. I think it is thoroughly understood. I do not believe anything I could utter would make it plainer than the few simple words in which it is drawn, and since the time of the Senate has been long consumed with this bill I shall content myself by asking for a vote upon the amendment.

Mr. BEVERIDGE. Mr. President, just a word before we take a vote upon the amendment. Will the Senator from Oklahoma please tell us how a banker is to know whether or not money, borrowed upon perfectly good security, is to be used for any particular purpose? That is the fatal defect of the Senator's amendment.

Mr. OWEN. I take pleasure in answering the question. Any cautious banker would inquire of the proposed borrower first what means he will have for paying back the principal of the loan. He owes it to himself to be assured of that. He also owes it to his bank; and this amendment will make it an obligation to his country to know that the money which is being loaned and which, in the matter of this amendment is the money of his depositors, is not to be used for harmful purposes.

When it comes to identifying what is a speculative loan, every banker, I take it, thoroughly understands what is a speculative loan. The buying of stocks on margin for a rise—

Mr. GALLINGER. Would not the wise banker require good collateral and be satisfied with that?

Mr. OWEN. I think the wise banker, who had no other consideration than the return of his principal, would be content with good collateral; but a patriotic banker, who has the concern of his country at heart, should not lend his money for evil purposes.

Mr. GALLINGER. How is he to know that?

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Oklahoma [Mr. OWEN].

Mr. OWEN. On that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McCUMBER. Before the roll call begins I should like to have the amendment again read.

The SECRETARY. It is proposed to insert as a new section the following:

SEC. 11. That no national banking association shall hereafter make loans or extend credit of any kind for the buying of stocks, bonds, or agricultural or food products, for speculative purposes, which in the aggregate exceed its unimpaired capital stock.

Mr. BEVERIDGE. Mr. President, I desire to say not much more than one sentence before I vote upon the amendment. I think it is obvious to all of us that by no possibility could the purpose of the amendment be achieved by it. A banker could not know, even if he inquired, as the Senator makes him the inquisitor of the conscience of the borrower, what he would do with the money after he got it. The banker's first duty to his depositors is to make sure that he has obtained first-class security. The Senator proposes to make every banker an inquisitor into the purpose and conscience of the borrower, but that would not accomplish the end, because if a man wanted to borrow money for a bad purpose, and he had good security, he could certainly easily make and would make a false representation to the banker. So the effect of the amendment would be

perfectly nil. It would accomplish nothing, and could do nothing but annoy the banker who is doing business in a perfectly legitimate way.

Furthermore, if this amendment, which is designed, as the Senator says, to make bankers patriotic as well as businesslike, were to pass, and even if it could transform a bank into a modern inquisition, still there is no penalty attached, and no person could be punished if the banker were to violate it. So if the Senator actually proposes—I do not suggest that he does not—to make effective this amendment, which appears to me to be more for campaign purposes, he would add a very heavy penalty of both fine and imprisonment for the banker, first, for not having made inquiry, and second, for having been deceived, if he was deceived. For these reasons I shall vote against the amendment.

Mr. OWEN. I wish to call the attention of the distinguished Senator from Indiana to the fact that the laws already on the statute book require the directors of a national bank to observe the laws which relate to national banks in this country, and that would be sufficient as a direction upon the oath of office taken by the directors in a national bank. I introduced the amendment because the volume of speculative buying has reached a proportion which is so stupendous as to stagger the human imagination.

Mr. BEVERIDGE. Yes; but the Senator's amendment does not reach the evil. I am as heartily against the evil as the Senator or any other Senator dare be, but the point about his amendment is that it does not accomplish what it proposes to. On the other hand, it does put into the law, if I may say so, with all possible respect to the Senator, and no man has greater respect for him than I, an absurdity.

Mr. OWEN. The distinguished Senator from Indiana has assured the Senate it will do no harm.

Mr. BEVERIDGE. No; I said it would do no good.

Mr. OWEN. The Record, I think, will show that the Senator said it would do no harm.

I insist upon it it will do substantial good, because the volume of speculative loans has become tremendous, and it is the speculative loans which are the very cause that produces a condition in this country such as led to the panic in October. It was the speculative loans, which went into the hundreds of millions and which used not only the reserves of the country on deposit in the central reserve cities, but went far beyond that, and which invited the country banks to place their money in New York to be loaned without record by their correspondents in New York on a high rate in a bull market and afterwards in a bear market. With all due deference to the opinion of the Senator that a banker can not tell what a speculative loan is, I have no hesitation in saying that a banker can tell a speculative loan as well as any man with two good eyes can tell the color of a black horse.

Mr. BEVERIDGE. I did not say the banker could not tell a speculative loan. I said it would be perfectly impossible for a banker to know what use the man would make of the money after he got it on good collateral; and even if he asked the man whether he was going to use it for speculative purposes, against which we all take as firm a stand as the Senator—the Senator has no monopoly of that position—he could make a false statement to the banker, and the banker would have no assurance that the statement would be carried out.

The point about it is that the amendment accomplishes nothing and does substantial harm. If it would accomplish what the Senator proposes, it would be a different thing. The Senator is a banker, and he knows perfectly well—

Mr. OWEN. That a banker can tell a speculative loan.

Mr. BEVERIDGE. That a banker can not tell what a borrower is going to do with the money after he gets it on good collateral.

Mr. CULBERSON. Mr. President, the Senate, I trust, will excuse me for reading at this time a short paragraph from the report of the Comptroller of the Currency made in 1884, with reference to the bank panic of that year, indicating, as it seems to me, that some such legislation as that proposed by the Senator from Oklahoma [Mr. OWEN] ought to be enacted. At page 35 of the report of the Comptroller of the Currency for 1884 I find this:

There is little doubt that one of the causes which led to the local disturbances among the banks, national and State, and private bankers of the city of New York, was their intimate relation in many instances to the New York Stock Exchange, and the fact that a large portion of the loans made by the banks and bankers of New York were based upon the security of stocks and bonds, often speculative in their character, which are dealt in and regularly called at the stock board.

The Comptroller of the Currency at that time was Mr. Cannon, and he suggests legislation upon the question. This extract from the report of the Comptroller of 1884 is incorporated

in the report of the Comptroller of the Currency for 1907, apparently with approval, and I read it for the purpose of emphasizing what has been said by the Senator from Oklahoma.

Mr. BEVERIDGE. I wish to ask the Senator from Texas—The VICE-PRESIDENT. Does the Senator from Texas yield to the Senator from Indiana?

Mr. CULBERSON. That is all I have to say. I yield the floor.

Mr. BEVERIDGE. I want to ask a question.

Mr. CULBERSON. Very well.

Mr. BEVERIDGE. Everybody concedes that. The Senator from Texas asserts it no more vigorously than anyone else. Has the Senator from Texas thought of a piece of legislation which will effectually stop it? It is obvious, I take it, to the Senator from Texas that this amendment will not. It is offered in perfect faith, but I think the Senator who offered it must see it will not. On the contrary, as I said a moment ago, it will do substantial harm in this, that if there should be a penalty affixed to it—of course it is worth nothing without a penalty—it would lock up the banking business almost entirely, because no banker could tell what anyone was going to do with the money after he had gotten it on perfectly good security. Will the Senator from Texas present legislation on this subject that will be effective? If so, it will have the support of all of us. This will not, because it is not effective. It is injurious.

Mr. CULBERSON. I think the legislation proposed by the Senator from Oklahoma will do some good. In supplement of that I propose, if I have the opportunity, to offer a new section to the bill, which I trust the Senator from Indiana will support, as follows:

That it shall be unlawful for any national banking association, directly or indirectly, to make demand or other loans, or give credit on its books or otherwise, or furnish money to operators on any stock exchange to be used in dealings thereon—

I trust the Senator from Indiana will give me his attention, because I am now about to read the penalty, the absence of which in the pending amendment he has pointed out:

Any national banking association violating the provisions of this section shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined not less than \$1,000, and in addition thereto 20 per cent of the amount of each transaction, and may also have its charter annulled and forfeited.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Oklahoma [Mr. OWEN], on which the yeas and nays have been ordered. The Secretary will call the roll.

The Secretary proceeded to call the roll.

Mr. CLAY (when his name was called). I am paired with the senior Senator from Iowa [Mr. ALLISON] for the remainder of the day on all amendments to the bill and on the bill.

Mr. FOSTER (when his name was called). I have been informed that the Senator with whom I am paired would, if present, vote "nay." I will therefore vote. I vote "nay."

Mr. GAMBLE (when his name was called). I again announce my pair with the senior Senator from Nevada [Mr. NEWLANDS]. An arrangement has been made whereby my pair has been transferred to the senior Senator from Maine [Mr. HALE], and I will vote. I vote "nay."

Mr. WARREN (when his name was called). Under the transfer of pairs already announced to-day, I will vote. I vote "nay."

The roll call having been concluded, the result was announced—yeas 12, nays 44, as follows:

YEAS—12.			
Brown	Gary	La Follette	Owen
Culbertson	Gore	McEnery	Overman
Frazier	Johnston	McLaurin	Taylor
NAYS—44.			
Aldrich	Depew	Gamble	Paynter
Ankeny	Dick	Guggenheim	Perkins
Beveridge	Dillingham	Heyburn	Piles
Borah	Dixon	Hopkins	Richardson
Bourne	Dolliver	Kean	Smith, Mich.
Brandeggee	du Pont	Knox	Stephenson
Burkett	Elkins	Lodge	Sutherland
Burnham	Flint	Long	Teller
Burrows	Foster	McCreary	Warner
Crane	Frye	McCumber	Warren
Cullom	Gallinger	Nelson	Wetmore
NOT VOTING—34.			
Allison	Clarke, Ark.	Hemenway	Scott
Bacon	Clay	Kittredge	Simmons
Bailey	Curtis	Martin	Smith, Me.
Bankhead	Daniel	Money	Smoot
Briggs	Davis	Newlands	Stone
Bulkeley	Foraker	Nixon	Taliaferro
Carter	Fulton	Penrose	Tillman
Clapp	Hale	Platt	
Clark, Wyo.	Hansbrough	Rayner	

So Mr. OWEN's amendment was rejected.

Mr. CULBERSON. I offer the amendment which I read a moment ago.

The VICE-PRESIDENT. The amendment proposed by the Senator from Texas will be read.

The SECRETARY. It is proposed to add at the end of the bill a new section as follows:

SEC. 11. That it shall be unlawful for any national banking association, directly or indirectly, to make demand or other loans, or give credit on its books or otherwise, or furnish money to operators on any stock exchange to be used in dealings thereon. Any national banking association violating the provisions of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not less than \$1,000, and in addition thereto 20 per cent of the amount of each transaction, and may also have its charter annulled and forfeited.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Texas. The amendment was rejected.

Mr. GORE. I desire to submit an amendment.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. On page 8, line 23, insert the word "and" before the words "five hundred dollars," and after the words "five hundred dollars" strike out the words "one thousand dollars and ten thousand dollars."

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Oklahoma.

Mr. GORE. Mr. President, the object of this amendment is to demonetize the one thousand and ten thousand dollar bills. As much as any Senator, I appreciate the humor, and I appreciate the irony involved in the proposition to issue ten thousand dollar bills during a panic, when the people are distressed for money.

But my objection to this clause is largely personal and is largely local. I am unwilling to expose the people of Oklahoma. Ten thousand dollar bills may circulate in other States, they may be money current with the merchants in the older States of the Union, but I am afraid it might possibly prove embarrassing to the farmers, the laborers, and even to the business men, and the politicians in Oklahoma, to be called upon to change a ten thousand dollar bill. [Laughter.] I mean, sir, during a panic.

But this clause has no virtue so far as the State of Oklahoma is concerned. It has a self-acting and automatic safeguard against the evil of hoarding. The people of Oklahoma will not hoard these ten thousand dollar bills, either in panic or in prosperity.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Oklahoma.

The amendment was rejected.

Mr. CULBERSON. I offer the amendment which was accepted by the Senator from Minnesota, in lieu of the one proposed by him.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. After the words "SEC. 8," where they occur in the bill on page 9, line 24, insert:

That from and after January 1, 1909, every national bank shall have and keep on hand in its vaults the reserve of lawful money provided for by law. All laws and parts of laws which authorize national banks to have and keep part of their reserve in other national banks are hereby repealed.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Texas.

The amendment was rejected.

Mr. LA FOLLETTE. I offer an amendment.

The VICE-PRESIDENT. The amendment will be read by the Secretary.

The SECRETARY. Add at the end of the bill a new section, as follows:

SEC. 11. No national banking association shall invest any part of its funds or deposits in the stocks or other securities of any corporation or association any of the officers or directors of which are officers or directors of such banking association. Any officer or director of any national banking association who knowingly violates or consents to the violation of the foregoing provision shall be deemed guilty of a misdemeanor and shall, upon conviction thereof in any circuit or district court of the United States, be imprisoned not less than one year and not more than five years.

Mr. LA FOLLETTE. Mr. President, the amendment is direct in its terms and requires no extended explanation. It is an admitted fact that the great national banks of New York invest the funds of depositors in other corporations owned and controlled by the officers and directors of those banks. This use of the money of depositors by bank directors in trading and dealing with themselves as the directors of other corporations which they are promoting is a violation of every principle which should control the custodians of trust funds. It is a dishonest and vicious practice. No one on this floor can defend it. It is undermining and destroying commercial banking. It is converting the bank, which should be the agent of trade and commerce, into an agent for underwriting promotion and specula-

tion. The amendment which I have offered strikes a blow at this reprehensible business.

Sir, the public condemnation of this practice has at last made some impression upon those who have engaged in it. They are already beginning to shift their ground. They are seeking to escape criticism by the organization of inside investment companies. This is but a device to cover and deceive. These investment companies will be officered and directed by the same men who are the officers and directors of the banks. One of the great banks of the Morgan group, so often named in this debate, is planning such an organization at the present time. This is plainly set forth and properly characterized in the editorial of the New York Journal of Commerce, which I send to the Clerk's desk and ask to have read.

The VICE-PRESIDENT. Without objection, the Secretary will read as requested.

The Secretary read as follows:

NOT LEGITIMATE BANKING.

The plan of the First National Bank for organizing a "security company" to hold its investments in stocks and bonds brings conspicuously to public attention the fact that for many years the principal business of that institution has not been legitimate commercial banking. Nominally it has been a bank of discount and deposit organized under the national law. Actually it has apparently been an investment and promoting institution. It has a capital of \$10,000,000 and a surplus of over \$19,500,000. According to the latest bank statement its average "loans" last week amounted to \$113,291,000; deposits, \$100,556,000; cash reserve, \$25,221,700. In the weekly bank statement all bond and stock investments are included in "loans," which produces a misleading impression. At the time of the last report of condition to the Comptroller of the Currency, on the 3d of December last, this institution had \$55,221,761.77 invested in stocks and bonds "other than United States bonds." As it had last week over \$9,000,000 of circulating notes, an amount nearly equal to its capital must have been invested in Government bonds on that account, and it held a considerable additional amount of these. Of its \$100,000,000 and more of deposits, over \$25,000,000 has to be held as a reserve in cash, and of the remaining \$75,000,000 and less, a very large proportion must be in these stock and bond investments, thus greatly restricting the amount of its deposits that are free for the accommodation of its customers in commercial loans, the making of which should be the chief business of a commercial bank. In other words, the bulk of the money of depositors has been used not for the legitimate purpose of supplying them with loans for commercial use, but for trading in securities for the profit of stockholders.

What does this imply in regard to the business of this great bank and of others which may have pursued the same methods? It seems to mean that its chief business has been dealing in stocks and bonds and taking part in syndicate operations, for these securities have not been held merely for the investment of surplus funds and for the income to be derived from interest and dividends upon them. The dividends paid on its own stock, the market value of this, and the accumulation of a surplus nearly twice as great as the share capital forbid any such supposition. It implies that it has been engaged very largely in buying and selling stock exchange securities for profit, taking new issues and marketing them, buying to sell and selling to buy, which comes perilously near to speculating with the funds of depositors, which is none the less objectionable on principle because it may have been successfully and profitably done. The profit is not for the depositors whose money is in large part used, but for stockholders. These may be, in an institution of the kind, largely the same set of men, who are using their own money for their own purposes, but that is not legitimate business for a national bank. The worst of it is the temptation it presents to directors and officers to use a bank for promoting and sustaining schemes of their own for money-making, instead of serving the proper uses of a bank for the commercial community.

As a criticism or a reflection this does not apply especially to the First National Bank, but to the methods of business implied in its having nearly half of its nominal loans and more than half the amount of its deposits in the form of stocks and bonds. Contrast this with one of the greatest of the English joint stock banks, the London City and Midland, which, according to the latest report, with deposits exceeding \$266,000,000, had less than 7 per cent of the amount in this kind of investment, which is there regarded as a strengthening of reserves. It is said that the object of organizing a separate company to hold these securities of the First National is to remove all cause of criticism on account of the bank having such a large proportion of its funds in that form. We fail to see how that object is to be accomplished by the plan announced. It is proposed to the stockholders that \$10,000,000 of the accumulated surplus be turned over to them as a dividend in the form of stock interest in the new "First Security Company," but that stock interest is to be indissolubly attached to the stock of the bank. The company stock is, in fact, to be issued to and held and voted by six trustees, consisting of the president, vice-presidents, and cashier of the bank, who will be bound to elect directors of the bank as directors of the company and to collect and pay over to the bank all dividends for "immediate distribution to its shareholders who have assented to this plan." The certificates of the bank stock will bear an indorsement to the effect that the holder is entitled to share ratably in what may be called the "beneficial interest" of the Security Company, and that interest can only be transferred with the bank stock.

This has to us very much the appearance of "whipping the devil round the stump" in the matter of investing the bank funds in stock and bond securities and in handling the same. There will be a division of capital between the banking association and the security company, and nominally two separate organizations and separate accounts; but the double institution will be under the control and management of the same men, will have exactly the same shareholders, the same directors, and the same officers, and there will be no possibility left for any independent action. So far as we can see, it may be and necessarily will be managed as two departments of the same organization, and that a national bank, controlling something that is a part of itself, but is called a "security company," organized under the laws of the State of New York. A part of the avowed purpose is the transacting by the bank "for its patrons certain lines of profitable business," including "the acquiring and holding of real estate, securities, stocks, and other

property," which is not the business of legitimate banking and is in part prohibited to national banks. (The Journal of Commerce and Commercial Bulletin, Thursday, February 27, 1908.)

Mr. LA FOLLETTE. Mr. President, I do not know that the amendment will prohibit this practice under some other system, but it will effectually prevent the same men from using the bank funds in dealing with themselves as directors of different corporations. They may devise some plan to evade it, but it will destroy the existing practice at least.

Mr. BEVERIDGE. Mr. President, from the very brief time we have had to consider this amendment it seems to me that certainly its purpose at least is both wise and salutary. I know of one bank catastrophe of a widespread nature was caused by precisely the thing which this is designed to prevent.

If I am not mistaken, and I may be, because we have had only a moment to consider it, this is precisely the situation that existed in the Walsh case in Chicago. If it is, it occurs to me that here is an amendment which in its purpose at least is distinctly advisable. Whether the language of it will accomplish the purpose which it is designed to accomplish without also doing some injury, I am not at this time prepared to say.

For that reason, because we are on the eve of a final vote, I rather regret that this amendment was not presented earlier. But from my own observation and the occurrences which have recently come to the notice of all of us certainly there is merit in the purpose of this amendment.

I merely wish to say that I should want to examine the language of the amendment somewhat further.

Mr. ALDRICH. Mr. President, I am in entire sympathy with the general purpose of the amendment. I think it ought to be more carefully drawn and more carefully guarded. I will not object to the amendment, and it may be considered and amended later on.

Mr. BEVERIDGE. Do I understand that the Senator accepts the amendment?

Mr. ALDRICH. I do not object to it.

Mr. BEVERIDGE. I am glad the Senator does not. That is a fortunate solution of the matter.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Wisconsin.

The amendment was agreed to.

Mr. LA FOLLETTE. I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be read.

The SECRETARY. Add as a new section at the end of the bill:

SEC. 12. That it shall be unlawful for any national banking association to make any loan, directly or indirectly, to, or to discount for, any officer of such association, or loans to and discounts for any corporation in which any officer of such association may be interested, when such officer owns or controls a majority of the stock of such corporation, that shall be considered as a loan to or a discount for such officer. When such officer has an interest in any corporation other than a majority interest and does not control such corporation, loans to and discounts for such corporation shall be made by the national banking association of which he is an officer only after said loans or discounts have been passed upon and approved by a majority vote of the directors of such banking association. Every violation of the provisions of this section shall be a misdemeanor. Every officer who violates this section shall be deemed guilty of a misdemeanor and shall be imprisoned not less than one year and not more than five years.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Wisconsin. [Putting the question.]

Mr. LA FOLLETTE. Some of the Senators sitting about me state that they did not understand the reading of the amendment, and I am inclined to think that very few on the other side of the Chamber understood it. I do not believe that any man who has had experience in banking or has studied banking will oppose the amendment if he understands it. What we need—

Mr. HOPKINS. I ask that the amendment be reread.

Mr. LA FOLLETTE. If the Senator will permit me, the one thing we need at this time is confidence in banks, confidence in the management of banks, rather than more currency. An analysis of bank failures will disclose that a vast number of them have their origin in excessive loans made to the banking officers.

The proposed amendment prohibits loans to bank officials. It does not permit bank officers to loan money to themselves. It does not permit the officers of a bank to loan to a corporation in which such officer is a majority stockholder at all, or, when such officer is a minority stockholder, without the approval of a majority of the board of directors of the bank. It is a wholesome provision and I urge its adoption.

Mr. ALDRICH. I suggest that if the amendment is to be adopted the word "hereafter" should be inserted in it, because it has never been lawful heretofore.

Mr. LA FOLLETTE. It certainly will not be retroactive. The Senator does not apprehend that it will catch anybody who has been in the business heretofore.

Mr. ALDRICH. I do not know.

Mr. LA FOLLETTE. It can not be retroactive.

Mr. ALDRICH. It ought not to affect existing loans; that is my point.

Mr. LA FOLLETTE. It could not affect existing loans. It could only apply to acts committed after it becomes a law.

Mr. ALDRICH. Then there can be no objection to the word "hereafter" being inserted.

Mr. LA FOLLETTE. I do not object to "hereafter" being inserted, though it is unnecessary.

The VICE-PRESIDENT. The Secretary will again read the amendment at the request of the Senator from Illinois [Mr. HOPKINS].

The Secretary again read Mr. LA FOLLETTE's amendment.

Mr. TELLER. Mr. President, it has not been the purpose of the Committee on Finance, who had this bill in charge, to revise the laws concerning banking. If we had supposed that to be our duty, we would have taken more time and presented the matter in a different way. It strikes me that it is somewhat difficult on a bill of this kind to attempt to revise the present banking system. I believe there are now laws in existence—I do not exactly recall what they are—against loaning to bank officers and to bank directors. I do not recall what limitation there is on that subject, but there is something of that kind. I only want now to say that it seems to me this is not the time nor is this the bill upon which we should undertake to revise the present system, although its defects may be great. A bill for that express purpose ought to be presented and considered when we undertake such a revision.

Mr. BEVERIDGE. Will the Senator from Wisconsin explain to the Senate what the existing law on this subject is?

Mr. LA FOLLETTE. There is no specific statute upon the subject of loans to bank officials, I would say to the Senator from Indiana.

Mr. ALDRICH obtained the floor.

Mr. HEYBURN. I wish to call the attention of the Senator from Wisconsin [Mr. LA FOLLETTE] to the fact—

The VICE-PRESIDENT. Does the Senator from Rhode Island yield to the Senator from Idaho?

Mr. ALDRICH. Certainly.

Mr. HEYBURN. Mr. President, I would call the attention of the Senator from Wisconsin to the reading of the amendment. It provides a penalty which would constitute the offense a felony, and yet calls it a misdemeanor. I would suggest that he strike out the words "shall be guilty of a misdemeanor," because, I repeat, it provides a penalty that would make it a felony by reason of the penalty.

Mr. LA FOLLETTE. I accept the amendment.

Mr. ALDRICH. Mr. President, it is almost impossible, on hearing this amendment read for the first time, to say just what its practical effects may be. The Committee on Finance have already been instructed by the Senate, under the resolution offered by the Senator from South Carolina [Mr. TILLMAN], to make an inquiry into this and similar questions. As I have already stated, it is the purpose of the committee to take up in some form all of the questions respecting the national-bank laws, and it seems to me that this question might, without injury to anybody, be relegated to action under that resolution, rather than to be put upon this bill. I think it would be more orderly and the Senate could vote more intelligently.

I must confess that I am not able to state just what the effect of the amendment would be upon any man who is an officer or a director in a bank; and whether it applies to every director or simply to officers I can not tell. I would suggest to the Senator from Wisconsin that this amendment, which is so involved and so far-reaching, ought not to be put into this bill, and that he withhold it, with the understanding, which I am sure we are to have, that the matter will be taken up in the Committee on Finance. They are bound to take it up under the resolution of the Senator from South Carolina, and some remedy will be reported by that committee as to these various abuses, if abuses they are, and covering this very subject.

Mr. LA FOLLETTE. Mr. President, this amendment is very simple. If the Senator from Rhode Island will read it he will have no doubt about its meaning. As to what the Committee on Finance may do in the future no one can tell. Judging from the past, it may be a long time before any revision of the currency is reached. Even if the Senate should take action, and I hope it may, that action must await the consideration of the House. At best it is likely to be another session of Congress—

probably longer—before this amendment could be made to the law. It is important that it should go into the bill now.

Mr. McCUMBER. Mr. President, I really do not quite understand the object of this amendment, or, if I understand its object, I do not understand fully what its effect will be. If I caught the reading aright, it would absolutely prohibit any officer of a bank having any business relations with the bank of which he was an officer; in other words, he would have to do his business entirely with another bank. I understand that a director of a bank is an officer of the bank, and that under this amendment no director could borrow from his own bank, no matter what security he might have. To ascertain that, I ask for the rereading of the first section of the amendment.

Mr. BEVERIDGE (to Mr. McCUMBER). Ask that the whole of it be read. The last part is more involved than the other.

Mr. McCUMBER. I want the first part read. I ask the Secretary to read the first part of it, and I will tell him when to stop.

The VICE-PRESIDENT. The Secretary will read as requested.

The SECRETARY. It is proposed to add at the end of the bill the following:

SEC. 12. That hereafter it shall be unlawful for any national banking association to make any loan directly or indirectly to, or to discount for, any officer of such association—

Mr. McCUMBER. That is all I ask the Secretary to read. That clearly prevents any man who is a director or an officer of a bank from having any business relations with his bank in the shape of borrowing from it, no matter what his security may be.

Mr. LA FOLLETTE. Mr. President—

The VICE-PRESIDENT. Does the Senator from North Dakota yield to the Senator from Wisconsin?

Mr. McCUMBER. Certainly.

Mr. LA FOLLETTE. Mr. President, I am sure that the Senator from North Dakota, upon reflection, will see that he is in error as to that portion of the amendment which has been read applying to directors. The officers of a bank consist of the president, the vice-president, the cashier, and the assistant cashier.

Mr. McCUMBER. Does the Senator mean to say that a director is not an officer of a bank?

Mr. LA FOLLETTE. A director is not an officer. It is true that one of the directors of the board is chosen president of the board.

Mr. McCUMBER. I think the Senator is in error. I think all directors are declared to be officers of the bank. I think the Senator is certainly in error in that, and this amendment absolutely cuts off any director or any officer—that is, any person connected with the bank—from doing any business with the bank. I simply make this suggestion with the idea that possibly we are hurrying in the consideration of this matter and have not all the same understanding of it.

The VICE-PRESIDENT. The question is on the amendment proposed by the Senator from Wisconsin [Mr. LA FOLLETTE]. (Putting the question.) The "noes" seem to have it.

Mr. LA FOLLETTE. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. LA FOLLETTE. I call for a division, Mr. President.

The question being put, there were, on a division—yeas 13, noes 37.

So Mr. LA FOLLETTE's amendment was rejected.

Mr. NELSON. Mr. President, at his request and on behalf of the Senator from South Dakota [Mr. KITTREDGE], I offer the amendment which I send to the desk as an independent section to the bill.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. It is proposed to add at the end of the bill a new section, as follows:

SEC. 12. That on or after the passage of this act no officer or employee of any national bank or trust company organized under the laws of the United States shall be a member of any stock exchange or be engaged in buying or selling stocks or bonds on a commission basis. Every officer or employee who violates this section shall be deemed guilty of a misdemeanor and fined not less than \$100 or more than \$1,000, and shall be imprisoned not less than one year and not more than five years.

The VICE-PRESIDENT. The question is on agreeing to the amendment just read.

The amendment was rejected.

Mr. LA FOLLETTE. Mr. President, I submit the amendment which was before the Senate a moment ago and voted down, having amended it in this wise, by inserting after the word "association" the words "other than a director thereof," so that it will now read:

That hereafter it shall be unlawful for any national banking association to make any loan, directly or indirectly, to, or to discount for, any officer of such association other than a director thereof, etc.

The VICE-PRESIDENT. The amendment will be stated.

Mr. LA FOLLETTE. I do not wish to have it stated again. I think it is understood.

Mr. SMITH of Michigan. Mr. President, it seems to me from the reading of the amendment that it is not very clear. An officer may be a director as well as an officer. Indeed, officers are usually directors, and the amendment will not reach the evil aimed at in its present form.

The VICE-PRESIDENT. The question is on the amendment submitted by the Senator from Wisconsin.

The amendment was rejected.

Mr. LA FOLLETTE. I should like to inquire of the chairman of the Finance Committee with respect to one provision in this bill which is not entirely clear to me. It is that provision of section 4 which relates to the amount of currency in circulation upon which the national banking associations are taxed. I want to inquire of the chairman in what way the Treasurer of the United States is to be informed as to the amount of circulation which any association is to pay the tax upon.

Mr. ALDRICH. Upon the sworn returns of the officers of the association. That is shown in the bill.

Mr. LA FOLLETTE. That is provided on page 7 of the bill. If I may inquire again, is there any check upon that return so made by the officer of the bank?

Mr. ALDRICH. The Comptroller of the Currency, of course, is aware of all the notes that have been issued. The bank is charged with the notes which have been issued, and the return of the bank, I think, is taken as to the amount which they may have, not in circulation, but in their own vaults.

Mr. LA FOLLETTE. Then, if I understand the chairman rightly, the amount in circulation upon which a tax is to be paid will be fixed or ascertained by the statement made at the end of each month by the bank officials?

Mr. ALDRICH. In such form and under such conditions as the Secretary of the Treasury may prescribe.

Mr. LA FOLLETTE. Under such conditions as the bill prescribes?

Mr. ALDRICH. No; that matter is left to the Secretary of the Treasury. The Treasury Department fixes the rules and regulations under which the returns are made.

Mr. LA FOLLETTE. Yes; but the Treasury Department cannot impose any penalty for a false report made by a bank official as to how much of this money is in circulation.

Mr. ALDRICH. I think the law provides—I can not put my fingers on the section now—but I am sure the national banking law provides penalties for violations of any of the provisions of the law.

Mr. LA FOLLETTE. I have made very diligent search of the national banking law for any penalty which will apply to this provision or impose upon any bank official any obligation, other than such as his conscience may impose, to restrict the circulation of this currency proposed to be issued to the amount which he reports at the end of the month. In other words, this money may be put in circulation and kept in circulation by the bank, and the bank will pay the 6 per cent tax upon only so much of it as they report to the Treasurer as being out in circulation at the end of the month. Section 4 of the bill amends section 5214 of the Revised Statutes. The only penalty—

Mr. ALDRICH. I will answer the Senator—

The VICE-PRESIDENT. Does the Senator from Wisconsin yield to the Senator from Rhode Island?

Mr. LA FOLLETTE. I do, because I want to be enlightened upon it.

Mr. ALDRICH. Section 179 of the national banking act covers the case. It provides that—

Every president, director, or cashier, teller * * * who makes any false entry in any book, report, or statement of the association—

Mr. LA FOLLETTE. I am unable to hear the Senator; and, as I have not the section before me from which he is reading, I will ask him if he will speak so he can be heard on this side of the Chamber?

Mr. ALDRICH. Perhaps I had better let it be read at the desk, and the whole section can be read.

Mr. LA FOLLETTE. Very well.

Mr. ALDRICH. There is another section which makes it the duty of the officer to make these returns. The Senator can also have that read if he desires. I ask that section 179 be read.

The VICE-PRESIDENT. The Secretary will read as requested.

The Secretary read as follows:

179. PENALTY FOR OFFICIAL MALFEASANCE. (SEC. 5209.) Every president, director, cashier, teller, clerk, or agent of any association who embezzles, abstracts, or willfully misapplies any of the moneys, funds, or credits of the association, or who, without authority from the directors, issues or puts in circulation any of the notes of the association; or who, without such authority, issues or puts forth any certifi-

cate of deposit, draws any order or bill of exchange, makes any acceptance, assigns any note, bond, draft, bill of exchange, mortgage, judgment, or decree; or who makes any false entry in any book, report, or statement of the association, with intent, in either case, to injure or defraud the association or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association or any agent appointed to examine the affairs of any such association; and every person who with like intent aids or abets any officer, clerk, or agent in any violation of this section, shall be deemed guilty of a misdemeanor and shall be imprisoned not less than five years nor more than ten.

Mr. LA FOLLETTE. I am familiar, Mr. President, with that section. I had examined it with reference to this section of the bill.

Mr. ALDRICH. The Senator from Pennsylvania (Mr. KNOX), who is familiar with these laws, tells me that it has been held by the courts to apply to statements of this kind.

Mr. KNOX. Any statement.

Mr. ALDRICH. To apply to any statement.

Mr. LA FOLLETTE. I would be glad—and I think it is important enough in connection with this legislation—to have the authority cited.

It will be observed, Mr. President, that section 4 of the bill amends section 5214 of the Revised Statutes. Section 5214 of the Revised Statutes is the section of the existing law which provides for the tax upon the circulation which national banks are permitted to issue at this time. This section amends that and incorporates this provision with respect to the circulation of this emergency currency as a part of that section.

Following section 5214 is section 5215, which imposes the penalty for failure to observe the provisions of section 5214; that is, for failure to report correctly twice a year the amount of circulation which a national bank has outstanding on Government bonds; but no penalty is provided for any failure to report at the end of each month the circulation which is to be outstanding on the bonds lodged with the Secretary of the Treasury for this emergency issue.

Now, to remove all doubt and prevent permanent inflation of the currency by this untaxed "emergency issue," I submit an amendment. It can surely do no harm and it will impose an additional check and safeguard upon this provision. I move to amend section 4 of the bill, after the word "circulation," in line 9, on page 7, by inserting—I will first read the provision as it now stands:

Every national banking association having outstanding circulating notes secured by a deposit of bonds other than bonds of the United States shall make monthly returns, under oath of its president or cashier, to the Treasurer of the United States, in such form as the Treasurer may prescribe, of the average monthly amount of its notes so secured in circulation.

I move to amend by adding, after the word "circulation," the following:

And it shall be the duty of the Comptroller of the Currency to cause such reports of notes in circulation to be verified by examination of the banks' records, and any officer of any banking association falsely reporting the amount of its notes in circulation shall, upon conviction thereof in any circuit or district court of the United States, be punished by a fine of not less than \$1,000 nor more than \$5,000, or by imprisonment for not less than one year and not more than five years, or by both such fine and imprisonment.

Mr. ALDRICH. I do not think that is necessary, but I have no objection to it.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Wisconsin. [Putting the question.] By the sound the "noes" seem to have it.

Mr. LA FOLLETTE. Perhaps we had better have the yeas and nays. I ask for the yeas and nays, Mr. President.

Mr. ALDRICH. I ask that the amendment be again stated.

Mr. KNOX. Mr. President, I should like to call the attention of the Senator from Wisconsin to an authority—

The VICE-PRESIDENT. If the Senator from Pennsylvania will wait a moment until the amendment is again stated, the Chair will recognize the Senator.

Mr. KNOX. Very well.

The VICE-PRESIDENT. The amendment will be again stated.

The SECRETARY. On page 7, line 9, after the word "circulation," it is proposed to insert:

And it shall be the duty of the Comptroller of the Currency to cause such reports of notes in circulation to be verified by examination of the banks' records; and any officer of any banking association falsely reporting the amount of its notes in circulation shall, upon conviction thereof in any circuit or district court of the United States, be punished by a fine of not less than \$1,000 nor more than \$5,000, or by imprisonment for not less than one year and not more than five years, or by both such fine and imprisonment.

Mr. KNOX. Mr. President, I have not the slightest objection to such an amendment, and should vote for it if I did not think it is already covered by the provisions of existing law. The section which was read from the desk, in my judgment, covers it, and the Senator from Rhode Island was correct in stating

that I believe that to be the case. That it does cover it was decided in the case of *Clement v. The United States*, reported in 149 Federal Reporter. The syllabus of the case is this:

An indictment of a national bank president, under Revised Statutes, section 5209, alleging a false entry in a report to the Comptroller of the Currency with reference to the bank's lawful money reserve, held not objectionable for failure to allege that the lawful reserve exceeded the amount the bank actually had on hand.

The point in the decision is that the president was indictable under that section for making a false statement in reference to the bank's lawful reserve.

Mr. LA FOLLETTE. I am unable from the reading of the syllabus, or so much of the decision as the Senator from Pennsylvania read, to distinguish its applicability here clearly. But whether that be so or not, the amendment which I offer will provide a greater safeguard, because it imposes upon the Comptroller of the Currency the obligation to verify each one of these reports and not to take the word of any bank official as to the amount of money in circulation.

Without such an amendment as I propose it would be in the power of the banks, when once this money was in circulation, to keep up the inflation and evade paying the tax upon it if the officers chose to make a false statement in respect to it. In Wisconsin we found that railroad presidents and officials would falsify their sworn statements respecting the amount of their gross earnings which they were required to return for taxation, in order to evade paying the full amount of taxes due the State. I am inclined to think they were as honorable a set of men as the average bank official of the country.

Mr. SUTHERLAND. Mr. President, let us have the latter part of section 179, which applies to the report, read again.

The VICE-PRESIDENT. The Secretary will read as requested by the Senator from Utah.

The Secretary read as follows:

Or who makes any false entry in any book, report, or statement of the association with intent, in either case, to injure or defraud the association or any other company, body politic or corporate, or any individual person, or to deceive any officer of the association or any agent appointed to examine the affairs of any such association; and every person who with like intent aids or abets any officer, clerk, or agent in any violation of this section, shall be deemed guilty of a misdemeanor, and shall be imprisoned not less than five years nor more than ten.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Wisconsin.

Mr. LA FOLLETTE. On that I ask for the yeas and nays.

Mr. SUTHERLAND. Mr. President, I doubt very much whether the section which has been read applies to this case. The provision is that any officer who makes false entry in a report, and so on—

Mr. BEVERIDGE. We can not hear the Senator, and I am trying to listen.

Mr. SUTHERLAND. The provision of section 179, which has been referred to, so far as it applies to this question, is that any officer, naming them, "who makes any false entry in any book, report," and so on, "with intent, in either case, to injure or defraud the association"—that means the bank—"or any other company."

Mr. ALDRICH. If there is any doubt about it, I think the smoothest and the easiest way is to let the amendment be adopted.

Mr. BEVERIDGE. I do not see how anybody can vote against it.

Mr. SUTHERLAND. That is what I was about to say. I think there is a great deal of doubt about it, and I can see no possible harm to arise from adopting the amendment.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Wisconsin.

The amendment was agreed to.

Mr. TELLER. Mr. President, when the committee had the bill under consideration the junior Senator from Texas [Mr. BAILEY], who is a member of it, prepared a substitute for it. He was called away, and he left the substitute with me, with the request that I present it at the proper time. After consultation with the chairman of the committee I let the matter rest until now.

The substitute simply presents squarely the issue whether there shall be bank paper or Government paper doled out to the banks. The security is precisely the same, and the bill is practically the same, except to carry out the proposition that the Government shall prepare the notes and issue them instead of having the banks issue them; and that the Government shall issue them to the banks on the same conditions that it issues the bank notes to them, and that they shall be lawful money.

In the absence of the Senator from Texas I desire to submit the substitute, and to have a yeas-and-nays vote on it. Then, if it is voted down, I desire to move to strike out the section in

the pending bill which provides for the preparation and issue by the Comptroller of bank notes and turning them over to the banks, and to insert the provision of the substitute for Government paper instead of bank notes. If I can have a ye-and-nay vote on those propositions I will not delay the Senate by any discussion of the matter at all.

The VICE-PRESIDENT. The Senator from Colorado on behalf of the junior Senator from Texas offers an amendment in the nature of a substitute, which will be read.

Mr. BEVERIDGE. It is not necessary to read it.

Mr. ALDRICH. It has been read.

Mr. TELLER. Yes; it has been read.

The substitute proposed by Mr. TELLER on behalf of Mr. BAILEY is as follows:

Strike out all after the enacting clause and insert:
"That whenever, in his judgment, business conditions may require it, the Secretary of the Treasury shall deposit in banks which have already been, or which may be for that purpose, designated as depositories of public money, \$500,000,000, or so much thereof as he may deem necessary and proper. The deposits herein authorized shall be secured as provided in section 2 of this act, and shall be apportioned among the several States in accordance with their population as ascertained by the preceding census of the United States; and the deposits for each State shall be made among the several depositories in that State as nearly as possible in proportion to their capital and surplus. The term "business conditions" as used in this section of this act shall be understood to mean business conditions in all the United States, or in one or more of the several States; but whether the emergency contemplated in this act shall exist in all of the States or only in one or more of them, the Secretary of the Treasury shall not deposit in the depositories of any State a greater sum than the depositories of that State would be entitled to receive if the business conditions of all the United States required the deposit of the total sum of \$500,000,000."

SEC. 2. That the Treasurer of the United States, with the approval of the Secretary of the Treasury, may accept as security for the deposits provided for in the preceding section, bonds of the United States, or bonds or other interest-bearing obligations of any State of the United States, or any legally authorized bonds issued by any town, city, county, or other legally constituted municipality or district in the United States which has been in existence for a period of ten years or more, and which for a period of ten years previous to such deposit has not defaulted in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it and whose net funded indebtedness does not exceed 10 per cent of the valuation of the taxable property therein, as ascertained by the last preceding valuation of property for the assessment of taxes. The Treasurer of the United States, with the approval of the Secretary of the Treasury, may accept, for the purposes of this act, securities herein enumerated in such proportion as he may from time to time determine, and he may at any time require the deposit of additional security, or require any association to change the character of the securities already on deposit: *Provided*, That in no case shall the deposits made under this act exceed 90 per cent of the par value of said securities: *And provided further*, That the cash value of said securities shall at all times exceed the amount deposited by 10 per cent.

SEC. 3. That each depository receiving a deposit under this act shall pay interest monthly on the same at the rate of one-half of 1 per cent per month for the first six months, and at the rate of three-fourths of 1 per cent per month thereafter; and whenever any depository desiring to withdraw the bonds deposited by it under the provisions of this act shall return to the Treasurer of the United States in lawful money the amount deposited with it under this act or any part thereof, the Secretary of the Treasury shall deliver to such depository the whole amount of the bonds so deposited, or such part of them as correspond to the amount of the deposits returned to the Treasurer of the United States.

SEC. 4. That all bonds pledged to secure deposits made in accordance with the terms of this act shall be transferred to the Treasurer of the United States in trust for the association pledging them, with a memorandum to that effect attached to or written or printed on each bond, and signed by the cashier or some other officer of the association making the pledge. A receipt shall be given to the association by the Treasurer of the United States, or by any assistant Treasurer of the United States, stating that such bonds are held in trust for the association on whose behalf the transfer is made and as security for the payment of any deposits that have been or may be made with such association under the provisions of this act. No assignment or transfer of any such bond by the Treasurer shall be deemed valid unless countersigned by the Comptroller of the Currency. The provisions of sections 5163, 5164, 5165, 5166, 5167 of the Revised Statutes respecting United States bonds to secure circulating notes shall, except as herein modified, be applicable to all bonds deposited under the terms of this act.

SEC. 5. That in order to comply with the provisions of this act the Secretary of the Treasury shall immediately cause to be prepared United States notes to the extent of \$500,000,000; and said notes shall possess all of the legal qualities of and be uniform in all respects with the United States notes now outstanding, and shall be of such denomination as the Secretary of the Treasury may prescribe: *Provided, however*, That no note shall be of a denomination of less than \$5 or greater than \$10,000. All United States notes deposited and returned under provisions of this act shall be held in the Treasury to meet any subsequent deposit which the Secretary of the Treasury may deem it proper to make; and such of the said notes as are worn, mutilated, or otherwise unfit for circulation shall be replaced by new notes.

SEC. 6. That all national banking associations, except those located in central reserve cities, shall at all times keep in their own vaults at least two-thirds of the reserve which the law now requires them to hold; and in no case shall they keep more than one-third of such reserve with their reserve agent or agents.

The VICE-PRESIDENT. The question is on agreeing to the substitute submitted by the Senator from Colorado on behalf of the Senator from Texas.

Mr. TELLER. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CLAY (when Mr. BACON's name was called). My colleague is absent. I have a telegram from him stating that he would vote in favor of the substitute. He is paired with the senior Senator from Montana [Mr. CARTER].

Mr. KEAN (when the name of Mr. BRIGGS was called). My colleague is paired with the senior Senator from Maryland [Mr. RAYNER]. If my colleague were present he would vote "nay."

Mr. CLAY (when his name was called). I am paired with the senior Senator from Iowa [Mr. ALLISON]. If he were present I should vote "yea."

Mr. CULLOM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. MARTIN]. I have specially agreed to pair with him on this vote, he being in favor of the substitute. If I were at liberty to vote I should vote "nay," but I withhold my vote.

Mr. CULBERSON (when Mr. DANIEL's name was called). The Senator from Virginia [Mr. DANIEL] is necessarily absent, and is paired with the Senator from North Dakota [Mr. HANSBROUGH]. If the Senator from Virginia were present he would vote "yea."

Mr. DILLINGHAM (when his name was called). In order that it may appear in the Record that the senior Senator from South Carolina [Mr. TILLMAN] is detained from the Senate by illness, I again announce my general pair with him and transfer the pair to the Senator from Nevada [Mr. NIXON]. I vote "nay."

Mr. GARY. I am authorized to state that if my colleague [Mr. TILLMAN] were present he would vote "yea."

Mr. ELKINS (when his name was called). I am paired with the junior Senator from Texas [Mr. BAILEY]. If he were present, I take it he would vote "yea," and I should vote "nay."

Mr. DICK (when Mr. FORAKER's name was called). My colleague is unavoidably absent. Were he here he would vote "nay." He is paired with the senior Senator from Mississippi [Mr. MONEY].

Mr. FOSTER (when his name was called). In the absence of my pair, the Senator from Connecticut [Mr. BULKELEY], I withhold my vote. If he were present I should vote "yea."

Mr. FRAZIER (when his name was called). I have been released from my pair with the junior Senator from South Dakota [Mr. KITTREDGE] so far as concerns the votes upon the substitute and the bill itself. I will therefore vote. I vote "yea."

Mr. GAMBLE (when his name was called). I have stated heretofore that I am paired with the senior Senator from Nevada [Mr. NEWLANDS]. An arrangement has been made whereby the pair has been transferred to the senior Senator from Maine [Mr. HALE], and I will vote. I vote "nay."

Mr. CULBERSON. I am authorized to state that the Senator from Nevada [Mr. NEWLANDS] is paired with the Senator from Maine [Mr. HALE]. If the Senator from Nevada were present, he would vote "yea."

Mr. DEPEW (when Mr. PLATT's name was called). My colleague is unavoidably absent. If he were present, he would vote "nay."

Mr. ELKINS (when Mr. SCOTT's name was called). My colleague is paired with the Senator from Florida [Mr. TALIAFERRO]. If my colleague were present, he would vote "nay."

Mr. OVERMAN (when the name of Mr. SIMMONS was called). My colleague is paired with the junior Senator from Minnesota [Mr. CLAPP]. If my colleague were present, he would vote "yea."

Mr. WARNER (when Mr. STONE's name was called). My colleague is necessarily absent, under orders of the Senate, attending the funeral exercises of the late Senator Bryan.

Mr. CULBERSON. I desire to state, on a telegram from the Senator from Missouri [Mr. STONE], that if he were present he would vote "yea."

Mr. CULBERSON (when Mr. TALIAFERRO's name was called). I am authorized to state that the Senator from Florida [Mr. TALIAFERRO] is paired with the Senator from West Virginia [Mr. SCOTT]. If he were present, he would vote "yea."

Mr. WARREN (when his name was called). I announce the same arrangement of pairs, whereby the Senator from Mississippi [Mr. MONEY] stands paired with the senior Senator from Ohio [Mr. FORAKER], and I will vote "nay."

The roll call was concluded.

Mr. WARREN. I desire to announce that my colleague [Mr. CLARK of Wyoming] is absent under orders of the Senate.

Mr. NELSON. I desire to say on behalf of the Senator from South Dakota [Mr. KITTREDGE] that if he were present he would vote "nay" on this proposition.

Mr. ALDRICH. I have been asked by the Senator from Wyoming [Mr. CLARK] to state that upon this question he would vote "nay" if present.

Mr. WARREN. I understand my colleague is paired with a Senator upon the other side, who is with him on this same duty, and that my colleague if present would vote "nay," and the Senator with whom he is paired would vote "yea."

Mr. McLAURIN. I desire to state that my colleague [Mr. MONEY] is unavoidably absent from the Senate. If present he would vote "yea."

The result was announced—yeas 13, nays 42, as follows:

YEAS—13.			
Culberson	Johnston	Owen	Teller
Frazier	McCreary	Overman	
Gary	McEnery	Paynter	
Gore	McLaurin	Taylor	
NAYS—42.			
Aldrich	Curtis	Guggenheim	Piles
Ankeny	Depew	Heyburn	Richardson
Beveridge	Dick	Hopkins	Smith, Mich.
Borah	Dillingham	Kean	Smoot
Bourne	Dixon	Knox	Stephenson
Brandagee	Dolliver	La Follette	Sutherland
Brown	du Pont	Lodge	Warner
Burkett	Flint	Long	Warren
Burnham	Frye	McCumber	Wetmore
Burrows	Gallinger	Nelson	
Crane	Gamble	Perkins	
NOT VOTING—35.			
Allison	Clarke, Ark.	Hale	Platt
Bacon	Clay	Hansbrough	Rayner
Bailey	Cullom	Hemenway	Scott
Bankhead	Daniel	Kittredge	Simmons
Briggs	Davis	Martin	Smith, Md.
Bulkeley	Elkins	Money	Stone
Carter	Foraker	Newlands	Talliaferro
Clapp	Foster	Nixon	Tillman
Clark, Wyo.	Fulton	Penrose	

So Mr. BAILEY's substitute was rejected.

Mr. TELLER. I now move to strike out section 6 of the pending bill, and to insert in lieu thereof section 5 of the so-called "Bailey amendment." It is simply to carry out the purpose of the amendment to secure Government notes in place of bank notes. I will ask that it be read.

The VICE-PRESIDENT. The Senator from Colorado proposes an amendment, which will be stated.

The SECRETARY. It is proposed to strike out section 6 of the bill and to insert in lieu thereof the matter embraced in section 5 of the printed amendment proposed by the Senator from Texas [Mr. BAILEY], as follows:

SEC. 6. That in order to comply with the provisions of this act the Secretary of the Treasury shall immediately cause to be prepared United States notes to the extent of \$500,000,000; and said notes shall possess all of the legal qualities of and be uniform in all respects with the United States notes now outstanding, and shall be of such denomination as the Secretary of the Treasury may prescribe: *Provided, however*, That no note shall be of a denomination of less than \$5 or greater than \$10,000. All United States notes deposited and returned under provisions of this act shall be held in the Treasury to meet any subsequent deposit which the Secretary of the Treasury may deem it proper to make; and such of the said notes as are worn, mutilated, or otherwise unfit for circulation shall be replaced by new notes.

The VICE-PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Colorado, on behalf of the Senator from Texas.

Mr. TELLER. On that I ask for the yeas and nays.

The yeas and nays were ordered; and the Secretary proceeded to call the roll.

Mr. CLAY (when Mr. BACON's name was called). I again announce that if my colleague [Mr. BACON] were present, he would vote "yea." He is paired with the senior Senator from Montana [Mr. CARTER].

Mr. CLAY (when his name was called). I announce my pair with the senior Senator from Iowa [Mr. ALLISON]. Were he present, I should vote "yea."

Mr. CULLOM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. MARTIN]. If he were present, I should vote "nay."

Mr. DILLINGHAM (when his name was called). I again announce my pair with the Senator from South Carolina [Mr. TILLMAN] and the transfer of my pair to the Senator from Nevada [Mr. NIXON]. I desire that this announcement shall stand for every subsequent vote on the bill. I vote "nay."

Mr. ELKINS (when his name was called). I am paired with the junior Senator from Texas [Mr. BAILEY]. If he were present he would vote "yea" and I should vote "nay."

Mr. DICK (when Mr. FORAKER's name was called). I wish to again announce the unavoidable absence of my colleague [Mr. FORAKER], and his pair with the senior Senator from Mississippi [Mr. MONEY], and his vote in the negative were he present.

Mr. FOSTER (when his name was called). If my pair were present I should vote "yea" on this question. In his absence I withhold my vote.

Mr. GAMBLE (when his name was called). I beg to make the same statement that I made on the last roll call. My pair having been transferred, I vote "nay."

Mr. DEPEW (when Mr. PLATT's name was called). I wish to say on behalf of my colleague [Mr. PLATT] that he is paired with the junior Senator from Maryland [Mr. SMITH]. If my colleague were present he would vote "nay."

Mr. OVERMAN (when Mr. SIMMONS's name was called). I again announce that my colleague [Mr. SIMMONS] is paired with the Senator from Minnesota [Mr. CLAPP]. If my colleague were here he would vote "yea."

Mr. CULBERSON (when Mr. STONE's name was called). The Senator from Missouri [Mr. STONE] is paired with the Senator from Wyoming [Mr. CLARK]. If the Senator from Missouri were present he would vote "yea."

Mr. CULBERSON (when Mr. TALLIAFERRO's name was called). The Senator from Florida [Mr. TALLIAFERRO] is paired with the Senator from West Virginia [Mr. SCOTT]. If the Senator from Florida were present he would vote "yea."

Mr. GARY (when Mr. TILLMAN's name was called). If my colleague [Mr. TILLMAN] were present he would vote "yea."

The roll call was concluded.

Mr. CULBERSON. It is hardly necessary for me to say that both of these amendments having been prepared by my colleague [Mr. BAILEY], if he were present he would vote "yea."

Mr. KEAN. I desire to state that my colleague [Mr. BRIGGS] is paired with the Senator from Maryland [Mr. RAYNER]. If my colleague were present, he would vote "nay."

Mr. ELKINS. I will state that my colleague [Mr. SCOTT] is necessarily detained under the order of the Senate. If he were present, he would vote "nay." He is paired with the Senator from Florida [Mr. TALLIAFERRO].

Mr. NELSON. I am authorized to say that the Senator from South Dakota [Mr. KITTREDGE] if present would vote "nay" on this question.

The result was announced—yeas 14, nays 42, as follows:

YEAS—14.			
Bankhead	Gore	McLaurin	Taylor
Culberson	Johnston	Owen	Teller
Frazier	McCreary	Overman	
Gary	McEnery	Paynter	
NAYS—42.			
Aldrich	Curtis	Guggenheim	Piles
Ankeny	Depew	Heyburn	Richardson
Beveridge	Dick	Hopkins	Smith, Mich.
Borah	Dillingham	Kean	Smoot
Bourne	Dixon	Knox	Stephenson
Brandagee	Dolliver	La Follette	Sutherland
Brown	du Pont	Lodge	Warner
Burkett	Flint	Long	Warren
Burnham	Frye	McCumber	Wetmore
Burrows	Gallinger	Nelson	
Crane	Gamble	Perkins	
NOT VOTING—34.			
Allison	Clay	Hansbrough	Rayner
Bacon	Cullom	Hemenway	Scott
Bailey	Daniel	Kittredge	Simmons
Briggs	Davis	Martin	Smith, Md.
Bulkeley	Elkins	Money	Stone
Carter	Foraker	Newlands	Talliaferro
Clapp	Foster	Nixon	Tillman
Clark, Wyo.	Fulton	Penrose	
Clarke, Ark.	Hale	Platt	

So Mr. BAILEY's amendment was rejected.

Mr. TELLER. Mr. President, I do not intend to make a speech; I only want to say that as a member of the committee I consented to reporting this bill. It has been somewhat amended, but not beneficially, in my judgment. There are some things that ought to have gone into the bill, in my judgment, that are not in it. I have expressed my views on the amendments which I was opposed to, and on those I was in favor of.

I regard it as my duty to vote for the bill, not because it is satisfactory, but because it is the only measure that has been presented and, in my judgment, the only one that will be presented that will in any manner meet the emergency that may possibly come before we get through even with the present disturbed condition.

If I had had my way I would have had an entirely different bill, but I think when we legislate we ought to be practical. I know very well that if we had prepared a bill revising the whole Government banking system it would not have become a law probably at this session. This is the best we can do. I vote for it hoping it will do a good deal more good than even the members of the committee who brought it in expected it to do.

Mr. JOHNSTON. Mr. President, I wish to explain why I shall vote for the bill, and I shall do so very briefly. As I understand it the bill is not intended to revise the general banking laws of the United States. Its main, if not sole, purpose is to provide an emergency currency to prevent the danger

of and disasters occasioned by panics. It offers some defense against distrust. It does not change any principle or policy of existing law. It presents no political question. It meets no constitutional objection. If it presented an issue as to whether banks should supply the currency instead of the Government, that would prevent me from giving it my support; but no such issue is involved by this bill, as it makes no change in existing law as to the method of issue. It enlarges the potential issue, broadens its base, and compels the banks enjoying its privileges, as to this issue, to pay interest to the Government for the use of this temporary currency.

Were we to attempt to revise the whole banking system of the United States and, in doing so, to consider the many meritorious amendments that have been suggested on this floor and elsewhere, it would require months of debate, with little prospect of agreement, and certainly with no hope that the views of the minority would prevail.

The Senator from Arkansas [Mr. CLARKE] thinks we should first ascertain the cause of the panic before treating the disease. That may be true, but I fear that by the time the Senate reached an agreement on this question the patient would be dead.

There are few who do not believe that some bill is necessary. The prostration of our industries, the great decline in value of all classes of property, the distress of the unemployed, the shadow of the empty dinner pail demand some legislation to prevent recurrence of these conditions. The real issue is whether this bill or the Fowler bill shall be enacted. I think there are few on this floor who would favor the latter measure, putting in the power of the banks to issue a currency and to contract or inflate it at their pleasure and profit, and on such security as they themselves should select. It seems that the banks generally prefer the Fowler bill. They claim that the rate of interest in this bill would prevent them from making a profit out of the emergency currency. They seem to forget that in the great financial centers the rate of interest paid by their customers during the recent panic was anywhere from 20 to 100 per cent. The chairman of the Clearing-House Association, Mr. Gilbert, favors the Fowler bill, claiming that the interest in this bill is too high, and yet he says the banks took out clearing-house loan certificates, paid 6 per cent for the privilege, and loaned them to their customers at the same rate. If that be so, if they were willing to pay 6 per cent in the crisis for a substitute for currency having circulation only in its immediate locality, why should they not be willing to pay as much for real currency that would circulate all over the country? But this bill and the issue of currency therein authorized is not intended for the benefit of the banks, but is intended to be issued for the general good, to preserve confidence, and to enable the banks to pay their depositors.

Mr. President, the Republican party has been in control of this Government for over forty years, and, except during a brief period, it has had the Executive and the majority in both Houses of Congress. We have had during that time three disastrous panics, two when that party had complete and unchecked control. It has had the amplest opportunity, if it has the ability, for the past eleven years to reform the currency and to mitigate or prevent panics. It claims ability to produce prosperity and to keep the supply up to the demand, and it also claims, without denial, all the masters of finance in the United States. If these things be true why was no measure enacted that would prevent the panic of 1907? The party must really have been deluded by its oft-repeated declarations into actually believing that such a thing was impossible while it was in power. It advised the people to trust in it, and struck off from our coin any trust in God. It charged that the panic of 1893 was brought on by the election of the Democratic candidate for President. Possibly next year we shall have it explained that the panic of 1907 was caused by the approaching shadow of another Democratic success. No one can deny that, so far as legislation and administration is concerned, the panic of 1907 was the offspring of the Republican party; whether legitimate or illegitimate I shall not now consider, but it can not be denied that it was left on the front steps of the New York clearing house by its inhuman parents.

Now, Mr. President, when the majority come in here with their bill, confessing their sins, confessing their sin of omission, and attempting some atonement, striking out railroad bonds and omitting many things that they would like to add and adding some they do not quite relish, I feel that it would be cruel not to lend them a helping hand. I voted for the substitute offered by the Senator from Texas [Mr. BAILEY], and while I find I can not get exactly such a bill as I would like I am now confronted with a choice between this bill and the Fowler bill, and believing this bill to be far wiser and much less dangerous than the other, I shall vote for its passage.

The VICE-PRESIDENT. If there are no further amendments to be offered as in Committee of the Whole, the bill will be reported to the Senate.

Mr. McLAURIN. Mr. President, I offer the amendment which I send to the desk.

The VICE-PRESIDENT. The amendment will be stated.

The SECRETARY. Add at the end of the bill the following as a new section:

SEC. 12. Upon presentation to the Secretary of the Treasury or Assistant Secretary of the Treasury by any person of any of the class and quality of bonds specified in this bill upon which money can be issued to national banks, or upon which bank notes are permitted to be issued by national banks, it shall be the duty of the Secretary of the Treasury to issue to the holder of such bond or bonds Treasury notes to the same amount that bank notes are permitted to be issued thereon to national banks, until the amount limited by this bill shall have been issued.

Mr. McLAURIN. Mr. President, I am not going to make a speech. I just want to give the Senate an opportunity to review and correct its ill-considered action on an amendment something like this which I offered to the bill when it was in Committee of the Whole.

The VICE-PRESIDENT. The bill is still as in Committee of the Whole.

Mr. McLAURIN. I thought it had been reported to the Senate.

The VICE-PRESIDENT. The bill is in Committee of the Whole and open to amendment. Does the Senator from Mississippi desire to offer his amendment now or wait until the bill is in the Senate?

Mr. McLAURIN. I do not think it would be in order before we get the bill in the Senate.

The VICE-PRESIDENT. It would not be in order as in Committee of the Whole if it has been voted down.

Mr. McLAURIN. Something similar to the amendment, but not exactly the same amendment, has been voted down.

Mr. McCREARY. Let us vote on it.

Mr. McLAURIN. Very well, let us have a vote on it if no one raises the point of order.

The VICE-PRESIDENT. The question is on agreeing to the amendment just read.

The amendment was rejected.

The bill was reported to the Senate as amended.

The VICE-PRESIDENT. Sundry amendments have been made as in Committee of the Whole. The question is on concurring in the amendments made as in Committee of the Whole.

Mr. NELSON. I ask that the amendment offered by the Senator from Alabama [Mr. JOHNSTON], referring to bank reserves, may be excepted.

The VICE-PRESIDENT. That amendment will be reserved. The question is on concurring in the other amendments made as in Committee of the Whole.

The amendments were concurred in.

Mr. NELSON. I offer an amendment as an addition to the amendment of the Senator from Alabama. I will say that I have submitted it to the chairman of the Finance Committee and it is satisfactory to him.

Mr. ALDRICH. It applies the same principle to reserves in reserve cities that are applied in the amendment of the Senator from Alabama to country banks.

Mr. NELSON. The amendment comes in at the end of the amendment of the Senator from Alabama.

The VICE-PRESIDENT. The amendment to the amendment will be stated.

The SECRETARY. At the end of the amendment offered by the Senator from Alabama, and agreed to, insert:

That after the 1st day of January, 1909, all national banking associations located in reserve cities shall at all times have on hand in their own safes or vaults in lawful money of the United States or in the securities enumerated in section 2 of this act not less than two-thirds of the amount of the reserves of lawful money required to be held under existing law: *Provided*, That not more than one-sixth of the reserves required to be kept in the vaults of such associations shall be held in such securities.

The VICE-PRESIDENT. The question is on agreeing to the amendment to the amendment.

The amendment to the amendment was agreed to.

The amendment as amended was concurred in.

The bill was ordered to be engrossed for a third reading and was read the third time.

The VICE-PRESIDENT. The question is, Shall the bill pass?

Mr. LA FOLLETTE. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CLAY (when Mr. BACON's name was called). My colleague [Mr. BACON] is paired with the senior Senator from Montana [Mr. CARTER]. Were my colleague present he would vote "nay."

Mr. ALDRICH. I have been asked by the Senator from Montana [Mr. CARTER] to state that upon the passage of the bill he would vote "yea." He is paired with the Senator from Georgia [Mr. BACON].

Mr. CLAY. That is correct.

Mr. KEAN (when Mr. BRIGGS's name was called). My colleague [Mr. BRIGGS] is paired with the senior Senator from Maryland [Mr. RAYNER]. If my colleague were present, he would vote "yea."

Mr. BRANDEGEE (when Mr. BULKELEY's name was called). My colleague [Mr. BULKELEY] is paired with the Senator from Louisiana [Mr. FOSTER]. If my colleague were present, he would vote "yea."

Mr. WARREN (when the name of Mr. CLARK of Wyoming was called). My colleague [Mr. CLARK] is absent on business of the Senate under detail and has been absent during the consideration of these various amendments. He is paired with the Senator from Missouri [Mr. STONE]. If my colleague were present, he would vote "yea."

Mr. CLAY (when his name was called). I again announce my pair with the senior Senator from Iowa [Mr. ALLISON]. Were he present, I should vote "nay."

Mr. CULLOM (when his name was called). I have a general pair with the junior Senator from Virginia [Mr. MARTIN]. He informed me before leaving the Chamber that he would vote for this bill. Therefore I feel at liberty to vote, and I vote "yea."

Mr. CULBERSON (when Mr. DANIEL's name was called). The Senator from Virginia [Mr. DANIEL] is paired with the Senator from North Dakota [Mr. HANSBROUGH]. If the Senator from Virginia were present, he would vote "yea."

Mr. ELKINS (when his name was called). I am paired with the Senator from Texas [Mr. BAILEY]. I transfer that pair to the Senator from Indiana [Mr. HEMENWAY] and will vote. I vote "yea."

Mr. DICK (when Mr. FORAKER's name was called). I desire to announce the pair of my colleague [Mr. FORAKER] with the senior Senator from Mississippi [Mr. MONEY], and I announce also the unavoidable absence of my colleague, and that if present he would vote in the affirmative.

Mr. FOSTER (when his name was called). I am paired with the senior Senator from Connecticut [Mr. BULKELEY]. If he were present, I should vote "nay."

Mr. GAMBLE (when his name was called). I again make the announcement that I am paired with the senior Senator from Nevada [Mr. NEWLANDS], but an arrangement has been made whereby that pair has been transferred to the senior Senator from Maine [Mr. HALE], and therefore I will vote. I vote "yea."

Mr. CULBERSON (when Mr. NEWLANDS's name was called). The pair of the Senator from Nevada [Mr. NEWLANDS] has already been announced. If he were present, he would vote "nay."

Mr. SUTHERLAND (when Mr. NIXON's name was called). The Senator from Nevada [Mr. NIXON] is paired with the Senator from South Carolina [Mr. TILLMAN]. I am authorized to announce that if the Senator from Nevada were present he would vote "yea."

Mr. DEPEW (when Mr. PLATT's name was called). My colleague [Mr. PLATT] is unavoidably absent, but he is paired with the junior Senator from Maryland [Mr. SMITH]. If my colleague were present, he would vote "yea."

Mr. ELKINS (when Mr. SCOTT's name was called). My colleague [Mr. SCOTT] is detained by order of the Senate. He is paired with the Senator from Florida [Mr. TALLIAFERRO]. If he were present, my colleague would vote "yea."

Mr. OVERMAN (when Mr. SIMMONS's name was called). I announce that my colleague [Mr. SIMMONS] is paired with the junior Senator from Minnesota [Mr. CLAPP]. If my colleague were present, he would vote "nay."

Mr. CULBERSON (when Mr. STONE's name was called). The Senator from Missouri [Mr. STONE] is paired with the Senator from Wyoming [Mr. CLARK]. If he were present, he Senator from Missouri would vote "nay."

Mr. GARY (when Mr. TILLMAN's name was called). My colleague [Mr. TILLMAN] is paired with the Senator from Nevada [Mr. NIXON]. If present, my colleague would vote "nay."

Mr. WARREN (when his name was called). As I have stated before, I have a general pair with the Senator from Mississippi [Mr. MONEY]. By an arrangement made to-day that Senator stands paired with the senior Senator from Ohio [Mr. FORAKER]. Therefore I will vote. I vote "yea."

Mr. CULBERSON (when Mr. TALLIAFERRO's name was called). The Senator from Florida [Mr. TALLIAFERRO] is paired with the Senator from West Virginia [Mr. SCOTT]. If present, the Senator from Florida would vote "nay."

My colleague [Mr. BAILEY] was paired with the Senator from West Virginia [Mr. ELKINS], but I understand that pair has been transferred to the Senator from Indiana [Mr. HEMENWAY]. My colleague, if present, would vote "nay."

The roll call was concluded.

Mr. CLAY. I have been requested to state that the senior Senator from Arkansas [Mr. CLARKE] is paired with the senior Senator from Pennsylvania [Mr. PENROSE]. The Senator from Arkansas would vote "nay" if present and not paired.

Mr. NELSON. I am authorized to state that the Senator from South Dakota [Mr. KITTREDGE], if present, would vote "yea."

Mr. McLAURIN. Mr. President, my colleague [Mr. MONEY] is unavoidably absent from the Chamber. He stands paired with the senior Senator from Ohio [Mr. FORAKER]. If my colleague were present, he would vote "nay."

The result was announced—yeas 42, nays 16, as follows:

YEAS—42.

Aldrich	Dick	Hopkins	Richardson
Ankeny	Dillingham	Johnston	Smith, Mich.
Beveridge	Dixon	Kean	Smoot
Brandegee	Dolliver	Knox	Stephenson
Burkett	du Pont	Lodge	Sutherland
Burnham	Elkins	Long	Teller
Burrows	Flint	McCumber	Warner
Crane	Frye	Nelson	Warren
Cullom	Gallinger	Owen	Wetmore
Curtis	Gamble	Perkins	
Depew	Guggenheim	Piles	

NAYS—16.

Bankhead	Culberson	Heyburn	McLaurin
Borah	Frazier	La Follette	Overman
Bourne	Gary	McCreary	Paynter
Brown	Gore	McEnery	Taylor

NOT VOTING—32.

Allison	Clarke, Ark.	Hansbrough	Platt
Bacon	Clay	Hemenway	Rayner
Bailey	Daniel	Kittredge	Scott
Briggs	Davis	Martin	Simmons
Bulkeley	Foraker	Money	Smith, Md.
Carter	Foster	Newlands	Stone
Clapp	Fulton	Nixon	Talliaferro
Clark, Wyo.	Hale	Penrose	Tillman

So the bill was passed.

Mr. ALDRICH. I ask that the bill may be printed in the form in which it passed the Senate and that 4,000 extra copies be printed for the use of the Senate.

The VICE-PRESIDENT. The Senator from Rhode Island asks unanimous consent that the bill be printed as it passed the Senate and that 4,000 additional copies be printed for the use of the Senate. In the absence of objection, it is so ordered.

ADJOURNMENT TO MONDAY.

Mr. ALDRICH. I move that when the Senate adjourns to-day it adjourn to meet on Monday next.

The motion was agreed to.

EXECUTIVE SESSION.

Mr. LODGE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and (at 6 o'clock and 30 minutes p. m.) the Senate adjourned until Monday, March 30, 1908, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate March 27, 1908.

COLLECTOR OF CUSTOMS.

Edward R. Stackable, of Hawaii, to be collector of customs for the district of Hawaii, in the Territory of Hawaii. (Reappointment.)

RECEIVER OF PUBLIC MONEYS.

Frank M. Foote, of Wyoming, to be receiver of public moneys at Evanston, Wyo., his term having expired March 3, 1908. (Reappointment.)

PROMOTIONS IN THE ARMY.

Capt. Leslie R. Groves, chaplain Fourteenth Infantry, to be chaplain with the rank of major from March 25, 1908.

Infantry Arm.

Capt. Charles H. Muir, Second Infantry, to be major from March 24, 1908, vice Benham, Twenty-third Infantry, retired from active service.

First Lieut. Walter G. Penfield (now captain, by detail, in the Ordnance Department) to be captain of infantry from March 24, 1908, vice Muir, Second Infantry, promoted.

First Lieut. George D. Freeman, jr., Twenty-first Infantry, to be captain from March 24, 1908, vice Penfield, whose detail is continued in the Ordnance Department.

PROMOTIONS IN THE NAVY.

The following-named ensigns to be lieutenants, junior grade, in the Navy from the 3d day of February, 1908, upon the completion of three years' service in present grade:

Charles C. Moses,
Lindsay H. Lacy,
Macgillivray Milne,
Wilbur R. Van Auken,
Austin S. Kibbee,
Martin K. Metcalf, and
Thomas H. Taylor.

The following-named lieutenants, junior grade, to be lieutenants in the Navy from the 3d day of February, 1908, to fill vacancies existing in that grade on that date:

Lindsay H. Lacy,
Macgillivray Milne,
Wilbur R. Van Auken,
Martin K. Metcalf, and
Thomas H. Taylor.

Asst. Surg. Francis M. Shook to be a passed assistant surgeon in the Navy from the 15th day of March, 1908, upon the completion of three years' service in present grade.

The following-named ensigns to be assistant naval constructors in the Navy from the 24th day of March, 1907, to fill vacancies existing in that grade on that date:

Robert B. Hilliard,
Edwin O. Fitch, jr.,
Lee S. Border,
John C. Sweeney, jr.,
James O. Gawne, and
Alva B. Court.

POSTMASTERS.

CALIFORNIA.

George W. Gates to be postmaster at Burlingame, San Mateo County, Cal. Office became Presidential July 1, 1907.

HAWAII.

Mabel R. Woods to be postmaster at Kohala, Hawaii County, Hawaii, in place of Mabel R. Woods. Incumbent's commission expired November 17, 1907.

ILLINOIS.

John W. Campbell to be postmaster at Morrisonville, Christian County, Ill., in place of John W. Campbell. Incumbent's commission expires April 27, 1908.

Alfred Schuler to be postmaster at Mound City, Pulaski County, Ill., in place of Alfred Schuler. Incumbent's commission expired November 23, 1907.

Benjamin Wendling to be postmaster at Des Plaines, Cook County, Ill., in place of Edward J. Meyer, resigned.

Samuel S. Yolton to be postmaster at Villa Grove, Douglas County, Ill. Office became Presidential January 1, 1908.

MISSOURI.

Henry Puls to be postmaster at Jackson, Cape Girardeau County, Mo., in place of Henry Puls. Incumbent's commission expires April 27, 1908.

NEBRASKA.

Thomas A. Boyd to be postmaster at Beaver City, Furnas County, Nebr., in place of Thomas A. Boyd. Incumbent's commission expires April 27, 1908.

Glenwin J. Crook to be postmaster at Falls City, Richardson County, Nebr., in place of Glenwin J. Crook. Incumbent's commission expires April 27, 1908.

Andrew D. McNeer to be postmaster at Blue Hill, Webster County, Nebr., in place of Andrew D. McNeer. Incumbent's commission expires April 8, 1908.

Similien L. Perin to be postmaster at Sargent, Custer County, Nebr. Office became Presidential January 1, 1908.

NEW YORK.

William L. Fuller to be postmaster at Ellenville, Ulster County, N. Y., in place of William L. Fuller. Incumbent's commission expires April 27, 1908.

Solomon A. Royce to be postmaster at Liberty, Sullivan County, N. Y., in place of Solomon A. Royce. Incumbent's commission expires April 27, 1908.

SOUTH CAROLINA.

Thomas Hester to be postmaster at Gaffney, Cherokee County, S. C., in place of Alfred R. N. Folger. Incumbent's commission expired December 16, 1907.

SOUTH DAKOTA.

Charles N. Curtiss to be postmaster at Wessington, Beadle County, S. Dak. Office became Presidential October 1, 1907.

Albert H. Ingersoll to be postmaster at Sisseton, Roberts County, S. Dak., in place of Casper Kennedy. Incumbent's commission expired March 12, 1908.

WISCONSIN.

Albert G. Kurz to be postmaster at Green Bay, Brown County, Wis., in place of Frederick A. Hollman. Incumbent's commission expires March 30, 1908.

CONFIRMATIONS.

Executive nominations confirmed by the Senate March 27, 1908.

CONSUL.

P. Merrill Griffith, of Ohio, to be consul of the United States of class seven at Tampico, Mexico.

APPOINTMENTS IN THE MARINE-HOSPITAL SERVICE.

Charles M. Fauntleroy, of Virginia, to be assistant surgeon in the Public Health and Marine-Hospital Service of the United States.

George H. McConnon, of Pennsylvania, to be assistant surgeon in the Public Health and Marine-Hospital Service of the United States.

Robert Olesen, of Minnesota, to be assistant surgeon in the Public Health and Marine-Hospital Service of the United States.

INDIAN AGENT.

James Sanders, of Great Falls, Mont., to be agent for the Indians of the Blackfeet Agency in Montana.

REGISTER OF THE LAND OFFICE.

George D. Orner, of Enid, Okla., to be register of the land office at Woodward, Okla., when the Alva and Woodward offices are consolidated under Executive order of February 17, 1908.

PROMOTIONS IN THE NAVY.

Asst. Surg. Robert E. Stoops to be a passed assistant surgeon in the Navy from the 26th day of December, 1906, upon the completion of three years' service in present grade.

Asst. Surg. George L. Wickes to be a passed assistant surgeon in the Navy from the 12th day of April, 1907, upon the completion of three years' service in present grade.

Charles F. Sterne, a citizen of the District of Columbia, and William Chambers, a citizen of Pennsylvania, to be assistant surgeons in the Navy from the 19th day of March, 1908.

Professor of Mathematics Omenzo G. Dodge to be a professor of mathematics in the Navy, with the rank of captain, from the 21st day of February, 1908.

Professor of Mathematics William S. Eichelberger to be a professor of mathematics in the Navy, with the rank of commander, from the 21st day of February, 1908.

Carpenter John A. Lord to be a chief carpenter in the Navy from the 5th day of February, 1908, upon the completion of six years' service in present grade.

POSTMASTERS.

ALABAMA.

Charles R. Barker to be postmaster at Anniston, Calhoun County, Ala.

KANSAS.

Milo M. Lee to be postmaster at St. Marys, Pottawatomie County, Kans.

MINNESOTA.

Ludwig J. Andrews to be postmaster at Lindstrom, Chisago County, Minn.

NEW MEXICO.

G. L. Bradford to be postmaster at Dawson, Colfax County, N. Mex.

NEW YORK.

Charles Voss to be postmaster at Tannersville, Greene County, N. Y.